

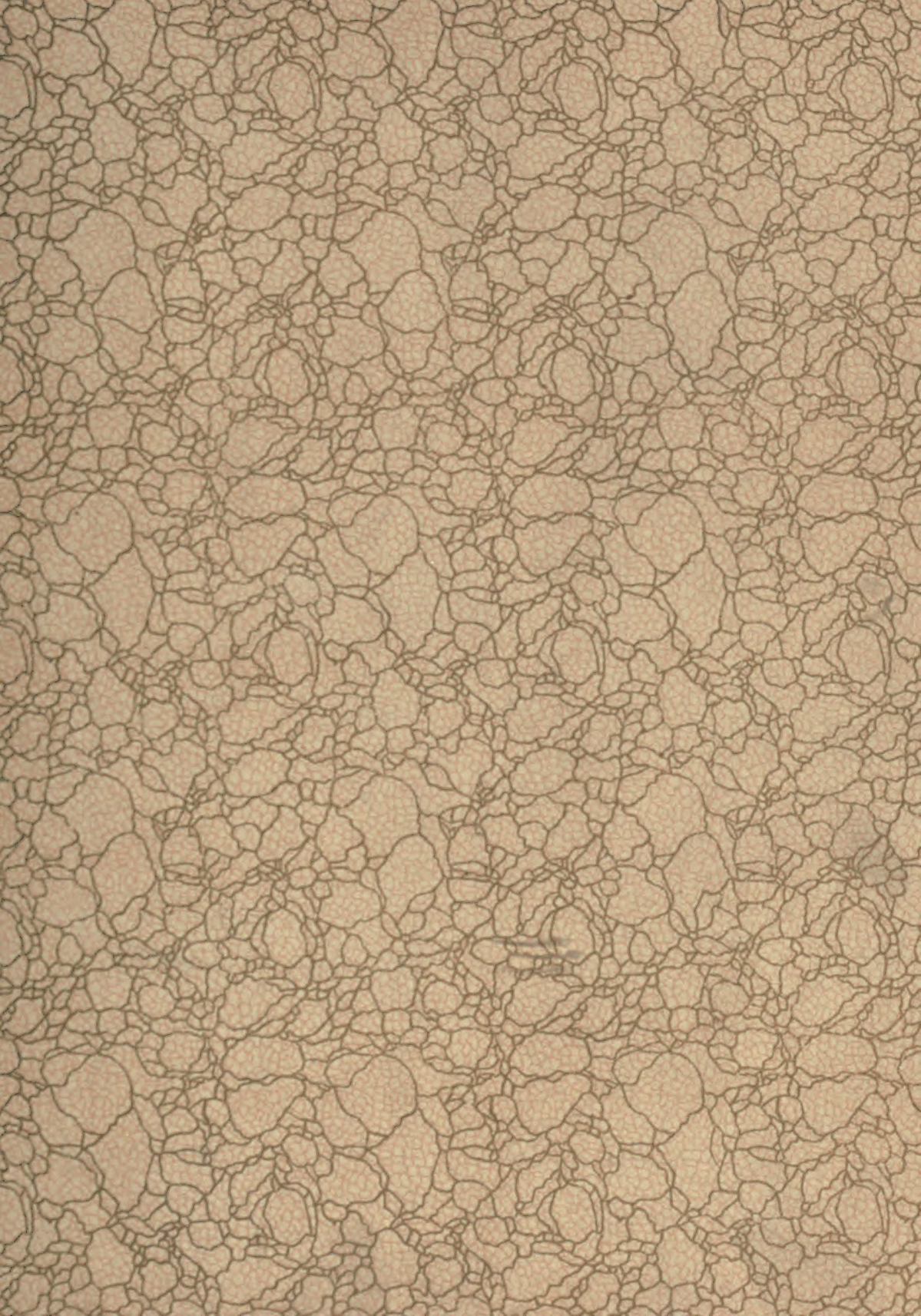
International Business Encyclopedia

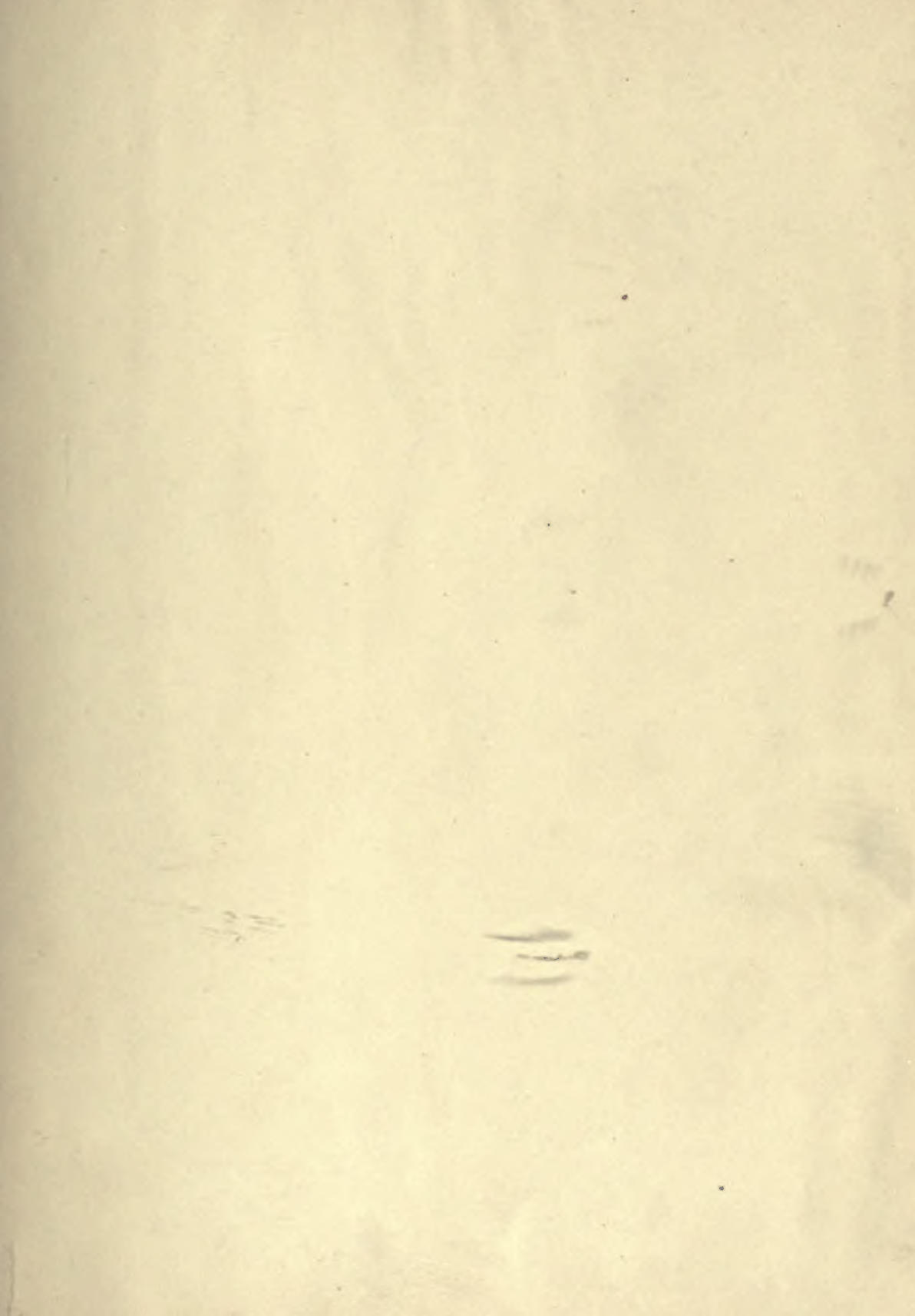


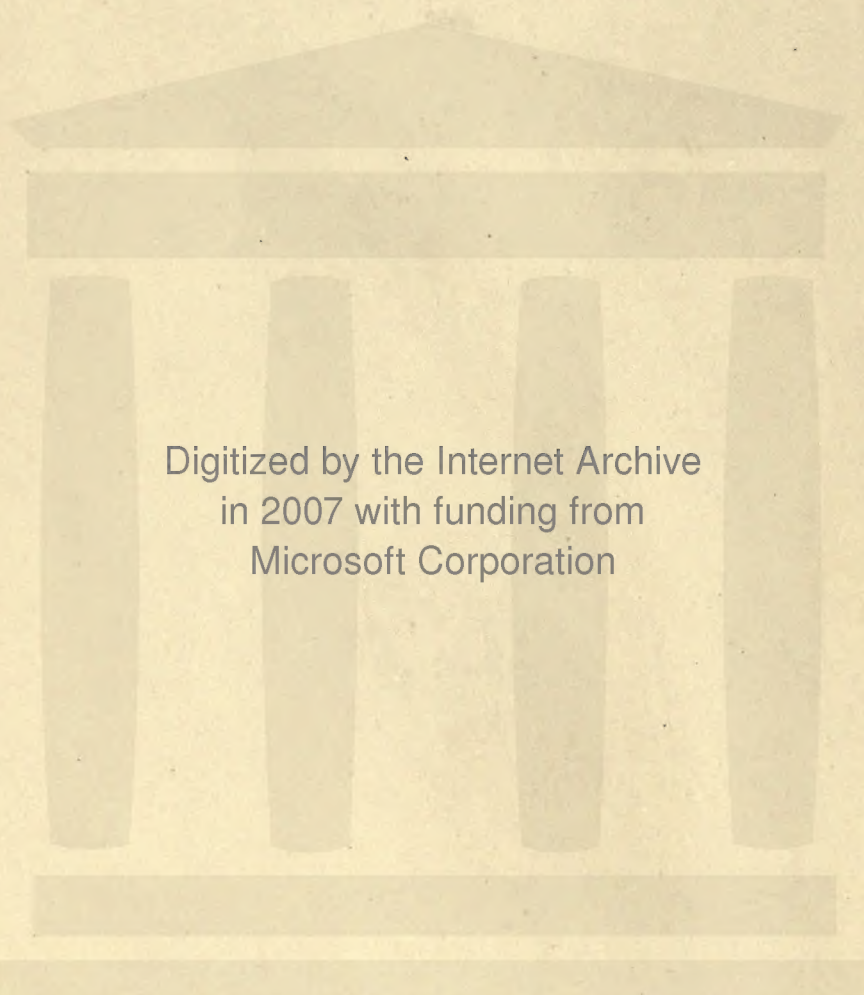
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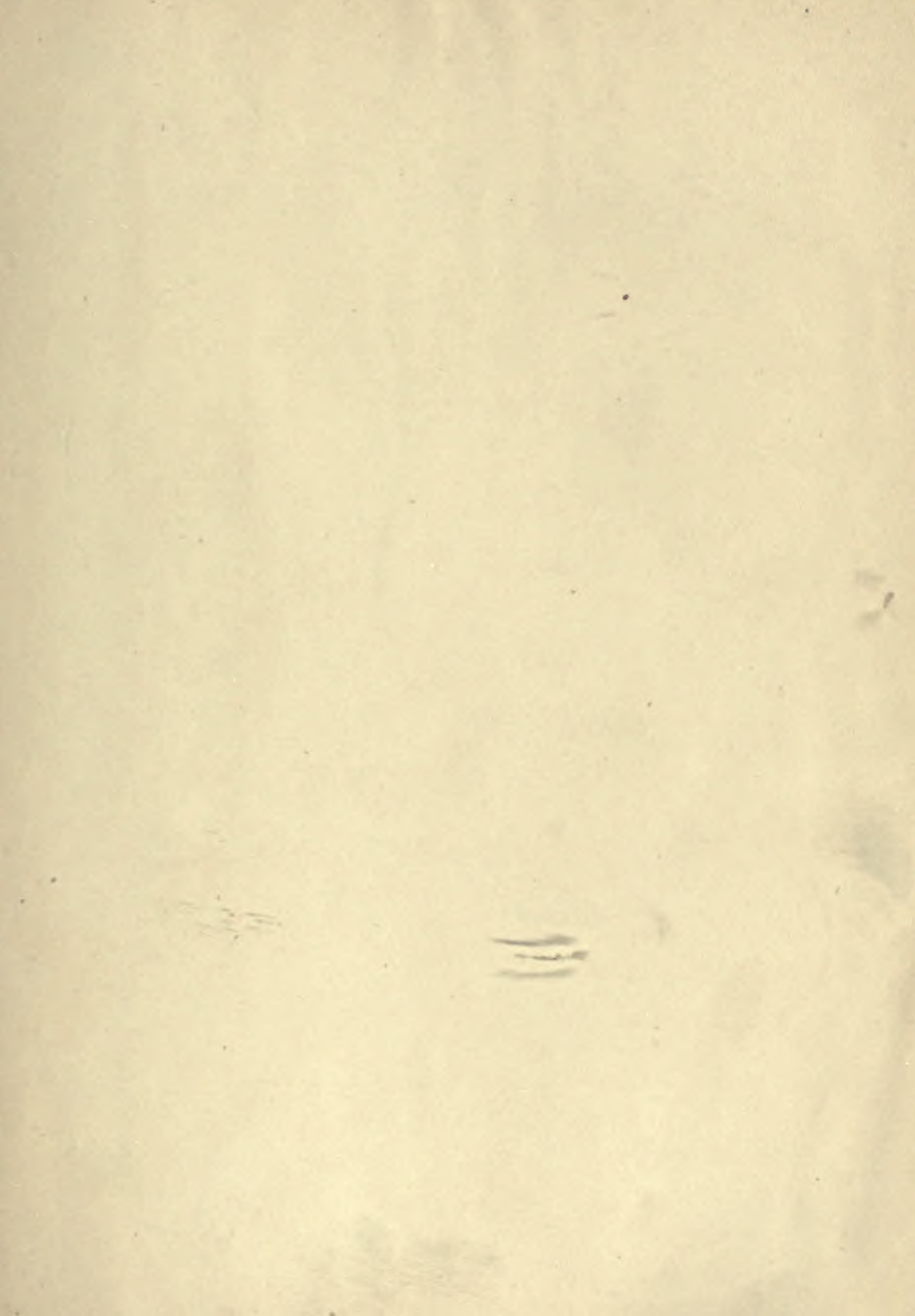
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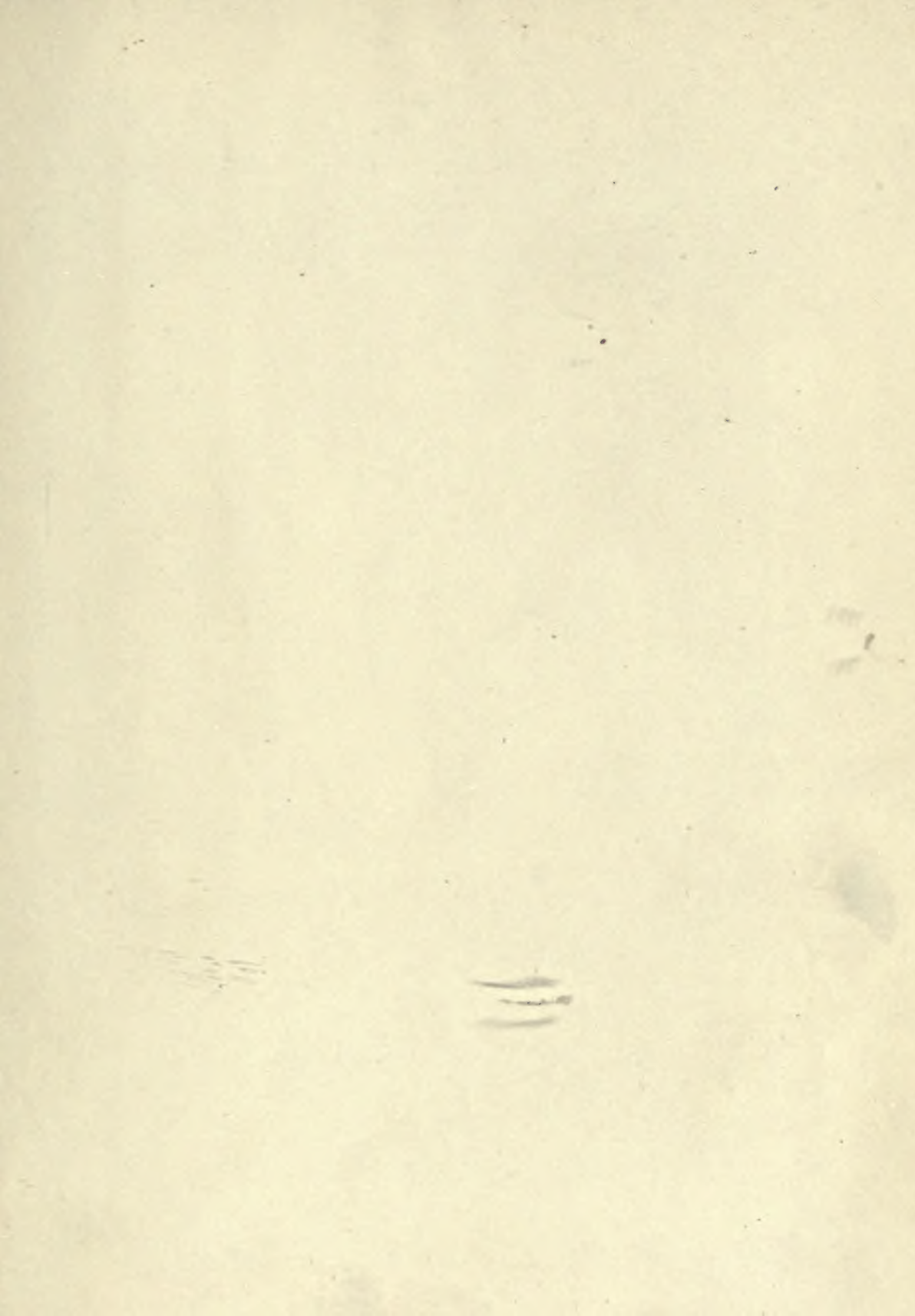






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E. H. BEACH

The International Business Encyclopedia

The up-to-date, down-to-the-minute

Business Dictionary

EDITED BY

E. H. BEACH

for 20 years Editor of *The Bookkeeper* and *The Business Man's Magazine*; now Editor and Publisher of
Beach's Magazine of Business; Editor of *The American Business and Accounting Encyclopedia*;
Editor of *The International Business Encyclopedia*; and many other standard works, and

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Bookkeeping and Business Manual*, etc., etc.



Published by **E. H. BEACH**

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DETROIT, MICH., U. S. A.

1910

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PRELUDE



THE twentieth century—although just beginning—is already notable for its numerous and extraordinary developments in the way of expansion and exceptional progress.

No branch of endeavor has exhibited a greater tendency toward advancement, and the ability to take advantage of hitherto undiscovered or undeveloped elements than the science of accounting.

Not many years ago the average business man was content to read his business history once a month through the medium of a trial balance. Now he requires daily or weekly financial statements complete, and even the book-keeper begins to regard the trial balance as practically obsolete.

Factory cost accounting has so demonstrated its importance as to achieve a commanding position in the business field recognized and appreciated by all. The business manager and superintendent of manufacture, may now direct the factory army and keep daily track of results and the minutest factory detail with a facility which may be aptly compared with the improvement affected by the introduction of "visible" typewriters.

The duty devolves on the publishers of accounting literature to keep pace with the times, and we present this encyclopedia to the business public as a concise, and at the same time comprehensive, collection of principles, practical methods, new devices, short cuts and labor-saving pointers, special systems, etc., etc., which the business man of the twentieth century will find invaluable, be he principal, manager, accountant, credit-man, cashier, book-keeper or clerk.

THE EDITORS.



W. W. THORNE

Improved Indexing Method

The special attention of our readers is directed to our new, striking and effective method of arranging the contents of the International Business Encyclopedia.

We have not followed the old methods of making an alphabetical list and paging the book, irrespective of the nature of the various subjects dealt with.

The contents are thoroughly sectionalized and each paragraph and diagram of each section is consecutively numbered and indexed both by section and in a general index.

Thus if the reader desires pointers on the treatment of Quotation Records he is referred by the index to

Section 1

Subject 118

Diagram 1097

and promptly secures the required information.



The International Business Encyclopedia

SECTION I.

ADVERTISING.

1. **Advertising Records**—A record of advertisements inserted in newspapers, magazines or other publications. Forms 1, 2, 3.

2. **Advertisement Key**—A method of tracing inquiries received to the circulation of individual publications; usually by departments or street numbers. Thus, if Chas. Hammond Co. advertises in three magazines the key may be:

"1002 State street," "1012 State street," "1013 State street."

or

"Dept. A," "Dept. B," "Dept. C."

each inquiry received being classified according to the addresses on the envelopes.

Another method is a coupon attached to the ad., which every interested reader is requested to cut off and forward to the advertiser, together with name, address and remittance.

A good method is to make a different offer in each publication used for advertising.

3. **Advertising Results and Statistics**—Records arranged to clearly exhibit space used, cost, number of inquiries received; number and value of orders secured. Forms 4, 5, 6.

4. **Advertising by Circulars, Catalogs, Private (frequently called "Home") Publications**—The records for this class of advertising consist of cost of paper, composition, half-tones, zincs, presswork, binding, covers, mailing, and number and value of orders secured. On orders of large quantities it is necessary to keep track of deliveries by the printers and

return of half-tones, etc. "Home" advertising is now taken advantage of in every possible manner—on letterheads, bills, statements, shipping tags, packages, etc.

5. **Advertising Color Combinations**—The following combinations are recommended as harmonious and effective:

Blue and black; blue and gold; blue and maize; blue and salmon; blue and white; blue, light and dark; black, gold and red; black and lilac; black, lilac and scarlet; black, white and scarlet; black, orange and blue; lilac and gold; lilac, gold and scarlet; purple, scarlet and gold; purple and gold; purple and yellow; green and gold; green, orange and red; brown and blue; brown and dark green.

6. **Advertising Photo and Electro Record**—This record indicates supplies of this kind (negatives, prints, framed pictures, electros, etc.) on hand or where located.

Combination Advertising Charge Record and Ledger for Publishing Houses—This is a very convenient and satisfactory combination, as illustrated under the heading of Publishing Business, Section 2.

Where more than one magazine is published there should be a separate column in cash book and journal on both sides for each advertising ledger, so that the work on each ledger can be individually proved.

The figures at the head of the card show the number of inches called for by the advertisement and are very useful in the "make-up" of the magazine or newspaper, and in calculating amount of advertising space for which it is necessary to provide.

As the forms are made up, and the advertising therein checked off, the cards representing advertisements inserted are transferred to another file or tray, so that the original tray always contains only "unfilled orders."

SNAP-SHOTS FOR THE BUSINESS MAN.

POSITION OF DEBITS AND CREDITS.

Every now and then some one inquires the actual reason why debits are placed on the left-hand side of a ledger or trial balance and credits on right-hand side.

Most accountants reply: "Because it is the custom." Many students of accountancy, however, agree that the reason is because in the primitive days of accountancy, before double entry was used, the debits were always entered first on some kind of a record. Afterwards when the credits had to be entered there was no room for them except on the right-hand side. Consequently debits on the left-hand side and credits on the right has become an accounting custom.

ADVERTISING RESULTS SUMMARY FOR <u>March</u> 1910									
Newspaper	Cost of Advertising		No. of Inquiries	Cost of Follow-up		No. of Orders	Cost per Order		Total Cost of Business

Form 5-1004

Publication - Monthly				City				Bldg or Street No			
Key		Size of Type Page			Col Width			Forms Close			
Space Reserved		Paced			Rate			Discount			
Special Note											
Schedule	Lines	Subject	Copy Sent	Cuts Ret'd	Net Cost	Cost To Date	Total Inquiries	Cost per Inquiry	Total Orders	Cost per Order	
Jan 90											
Feb											
Mar											
Apr											
May											
June											
July											
Aug											
Sept											
Oct											
Nov											
Dec											

Form 6-1005

SECTION 1.

CORRESPONDENCE.

7. **Correspondence Register**—In many businesses a register is kept of every piece of mail received, its distribution and disposition.

In this way a check is maintained on the attention and promptness of department managers, or whoever attends to answering correspondence. See Form 1.

These registers are made in duplicate after the mail is sorted. The department manager receipts the original when he receives the mail, and returns the duplicate to the business manager, showing when each piece of mail was attended to. As each piece is consecutively numbered nothing can be overlooked.

8. **Department Correspondence**—It is quite customary for customers to write letters which refer to several departments on the same sheet.

As this correspondence is received, each departmental paragraph should be stamped by a department rubber stamp for the attention of the department manager. It is then transferred from one department to another for attention, and if not so transferred, the blame can be placed where it belongs. See Form 2.

Carbon copies may be made on different colored paper to facilitate departmental reference to correspondence files.

9. **Correspondence Data**—It frequently occurs that more than one person desires to refer to the same correspondence at about the same time. To save waste of time, therefore, in hunting for correspondence which is not in the file, no correspondence should be removed except on signed requisition, so that if the correspondence is not in the folder, the requisition shows its location. On return of the correspondence the requisition is destroyed.

10. **Waiting Correspondence**—Carry a separate file for important letters, attention to which is delayed.

For letters making quotations, which must be followed up, file letter alphabetically in Waiting Correspondence file with carbon copy attached, and second carbon copy of quotation letter in follow-up file, indexed with dates from 1 to 31.

11. **Correspondence Files**—Vertical files are recommended as convenient for all sizes, and permitting efficient cross-indexing.

12. **Correspondence Dictation**—Much time is saved by designating each letter dictated by number, the stenographer obtaining name and address from the letter answered. This plan prevents a multitude of mistakes.

13. **Correspondence Improvements**—The correspondence clerk should be trained to use the simplest, as well as the most effective language possible; to acquire a recognizable and pleasant personality; to avoid persiflage in ordinary business communications; to pay the greatest attention to the most essential points; to carefully follow the well-known traditions of the house.

14. **Correspondence Corrections**—Treat the stenographer's productions with the greatest consideration, and indicate corrections so that they can be made without injuring the appearance of the letter. This is usually accomplished by making corrections with a light pencil in the margin.

15. **Correspondence Copies**—Letter-copying machines are out-of-date, the results being frequently undecipherable and involving a great waste of time. Carbon copies should be made of all answers to letters, same being attached to the correspondence answered and both filed away together. When, therefore, you refer to a letter, the answer is found in the one operation.

16. **Correspondence Economy**—Many concerns, especially those having several departments, each having correspondence of their own, can save postage expense in a considerable amount by making sure that all mail matter addressed to one person during the day by every department is enclosed under one cover. To do this it is only necessary to provide the mailing clerk with a supply of envelopes addressed to those parties with whom the firm is in constant correspondence. The various departments writing letters to these parties then send their letters each day to the mailing clerk without envelopes, he enclosing them in the same envelopes at the close of the day or whenever the mail is made up.

Much expense will be saved, and reference facilitated, by making the carbon copies on the back of the correspondence being answered.

17. **Correspondence Follow-ups**—See Follow-up Systems.

SNAP-SHOTS FOR THE BUSINESS MAN.

WHEN IS THE RENT DUE?

Many business men endeavor to enact their own laws in their own interests, and many other business men thoughtlessly conform to these laws and to illegal and unnecessary regulations. As an illustration we will quote from an office building contract with tenants:

It may be a matter of mutual agreement that rent shall be payable in advance, but it cannot be "due" in advance, as at that time there is no consideration.

SECTION I.

CREDITS AND COLLECTIONS.

18. **Credit**—"A transfer of commodities involving the return of an equivalent at a future time."

"The confidence or trust reposed by one person in the ability of some other person to fulfill a promise at some future time."

"The possession of marketable property is the first and vital prerequisite of normal credit."

19. **Credit Statement**—A statement required by the Credit Dept. of a business from prospective customers before granting them credit. See Form 1.

20. **Credit Investigations**.—The following inquiries should be made and carefully carried to a satisfactory conclusion:

Is the capital sufficient, and has it been contributed in cash; if not, what does it represent?

Who constitute the management, and do they understand the business?

Has the stock been taken in at a fair figure, and has due allowance been made for depreciation? This is very necessary to ascertain in large manufacturing concerns.

What about accounts and bills receivable? Has due allowance been made for doubtful credits, and have all bad debts been written off or provided for?

The liabilities of the firm should be carefully examined; are they heavy; are they continuously large; to whom and what for?

Is the buying legitimate in amount?

Do they carry other lines beside their principal business? If so, where does the capital come from?

Does the business seem prosperous?

Is the stock kept in good shape?

Does the stock appear to be low?

Do they employ competent clerks?

What is their standing in the community?

Have they a good location?

Buy from

Do you consider them to be of good business ability?

Is it growing?

Is it properly displayed?

Is the store kept clean?

Do they attend to business?
 Do they drink?..... Gamble?
 Competition
 See Form 2.

21. Credit Information—After the investigation, the information obtained from various sources should be assembled in a folder—one for each customer, in which all further information should be filed as received from time to time. A summary of the principal information may be pasted on the outside of the folder, as per Forms 3 and 4.

If desired these cards may—by providing a few additional spaces—be used also as customers' follow-up record, thus saving considerable expense and labor.

22. Credit Man's Ledger—This is a special form of Sales Ledger, intended for a small business where the book-keeper looks after credits.

23. Collections and Statements—Monthly statements to customers should be made in duplicate, the copy being handed to the collection department.

24. Collection Records—These should provide for alphabetical and due date index. See Form 6, the pointers at the top edge of the card indicating the due date.

Another method of indicating due dates on loose leaf records is to paste close to the edge of the back inside cover a strip of paper on which are printed the figures 1 to 31 vertically. On the outside edge of the account leaves attach a tab opposite to the number indicating due date. These tabs will give immediate reference to all accounts needing attention.

25. Note Collection Registers—These records naturally require spaces for more attention than regular account records; otherwise the detail is similarly handled. See Form 7.

26. Collection Agency—While there is no special form of letter which will apply to all delinquent debtors, there is given a series of three letters which may be appropriate for a collection agency operated in conjunction with an instalment house where the name of one of the instalment clerks is used as the scientific collector of bad debts.

The collection manager generally has printed for the collection agency stationery which bears the earmarks of a regular collection attorney, and so constructs the letters as to carry out the idea to the fullest extent so as to complete the misapprehension on the part of the debtor.

The first letter is written from the standpoint of the scientific collector of bad debts as a duly authorized collection attorney who has received the account of the firm for collection, and who pleads with the debtor for

the payment of the account to avoid legal process. The first letter of the series is generally constructed along the following lines:

MAX R. SPRINGER,
Scientific Collector of Bad Debts.

New York, N. Y.,, 1901.

Dear Sir: The _____ Company has handed to me for collection an unpaid account against you amounting to \$_____, which should be settled.

Your creditor placed a great deal of confidence in you in extending credit to you when you needed it, and both as a matter of business principle and in consideration of the confidence reposed in you, you should, by all means, reciprocate the courtesy.

I advise you, in all kindness, to make the best arrangement which you possibly can with your creditor without a moment's delay. For my part, I would very much prefer to see this small item adjusted amicably than be forced to adopt extreme legal measures to collect the account, which will cause you considerable publicity, notoriety and expense. Moreover, I am inclined to believe that you are perfectly honest, and that you fully intend to pay your honest debt, and further, that this matter has slipped your mind through an oversight, or has not received your attention on account of pressure of other business or some personal matter with which your creditor is unfamiliar.

I will greatly appreciate it if you will save me the necessity of any further action by making payment of the account direct to your creditor.

Of course, if my client does not hear anything from you within the next fifteen days it will be necessary for me to take the matter up further.

Yours sincerely,

Scientific Collector of Bad Debts.

If the desired effect cannot be produced through the use of the first letter purporting to come from the collection agency it is customary to use a second which assumes a different form. It is generally a printed notice set in italics with special emphasis placed upon different sections of the communication by the use of red ink. In the upper right-hand corner, at a reasonable distance from the top, and right-hand side there is generally found boldly displayed in red ink the following: Final Notice Before Legal Proceedings. The balance of the communication assumes the form of a legal instrument and is used as a last resort before suit is brought. Such final notices generally appear somewhat as follows:

MAX R. SPRINGER,
Scientific Collector of Bad Debts.

Final Notice Before Legal Proceedings.

State of New York,
County of _____, ss.

The _____ Company, Plaintiffs,

vs. _____, Defendant.

You will please take notice that the above plaintiffs' claim an indebtedness from you in the amount of \$_____, the same has been duly

demand, no part thereof has been paid, and the same is now due and payable to said plaintiffs.

Now, therefore, you are hereby notified that unless you remit in full of account or appear at plaintiffs' regular place of business, 19 E. 23rd Street, City of New York, in the county and state aforesaid, on or before the _____ day of _____, A. D. 191—, at 10:30 o'clock, in the forenoon of the said day, and make payment of the said claim in full to the said plaintiffs with interest thereon, or arrange for the adjustment thereof, you will force me to instruct my Local Attorney to bring legal proceedings against you without further notice, to recover not only the amount of the claim with interest thereon, but all costs and disbursements of the action.

You have had due notice, and if you do not act now you can place no blame whatever upon anyone but yourself for the consequences of the next steps I may take in this matter.

Dated at New York, this _____ day of _____, 191—.

(Signed) _____,

For the Plaintiffs.

A large Eastern stationery house uses the following series of form letters which they claim are productive of excellent results:

Form 1.

We find on our books a small account against you which runs back to, which has probably escaped your attention.

As we are using a good deal of money at this time, we would esteem it a favor if you would send us your check.

Thanking you in advance, we remain,

Form 2.

We have received no reply to our letter of, relative to a small account in

If it is not convenient for you to send us your check at this time, will you kindly advise us when we may expect to receive it?

Thanking you in advance for a reply, we remain,

Form 3.

We have twice written you relative to a small account in

If it is not convenient for you to send us your check, it would seem to us that you might let us have an answer to our letters.

Please let us hear from you.

Form 4.

Our three letters to you elicited no response.

We shall expect to hear from you before the

Yours very truly,

STATEMENT AS A BASIS OF CREDIT.

The undersigned, for the purpose of procuring credit from
 submits the following as a true and accurate statement of the financial
 condition, and hereby agrees to notify.....if any material change
 take place from the figures below.

Name

Location..... County of..... State of.....

Form inventory of.....191..

Dated191..

Business.....

ASSETS.

Merchandise on hand and in transit..... \$.....
 Outstandings, including bills receivable, open accounts, etc.,
 at realizable value.....
 Cash on hand and in bank.....
 Other personal assets, consisting of.....

 Total available assets..... \$.....

LIABILITIES.

For merchandise not due..... \$.....
 For merchandise past due.....
 Loans from bank
 Loans other than from bank.....
 Other obligations

Total liabilities \$.....

Surplus in business.....

Real Estate: Describe, locate, and value separately, and in
 whose name held.....

.....

Total value of real estate..... \$.....

Mortgages or amount unpaid thereon.....

Equity in real estate..... \$.....

Total worth, in and out of business.....

Insurance on stock, \$..... On real estate, \$.....

Annual business amounts to \$..... Amt. of chattel mortgages or
 judgments, \$.....

Individual obligations of each partner.....

Ever burned out? If so, state circumstances of fire.....

Give full name of all the partners.....

.....

In consideration of the granting of such credit the undersigned
 agrees that if at any time fails or becomes insolvent or

commits an act of bankruptcy or if any of the representations prove
 untrue, or if the undersigned fails to notify of any

material change in financial condition, in either case all obliga-
 tions owing by the undersigned shall become due and be payable with-

out demand or notice.

References:

.....

Sign here full name of firm.

By whom signed. Member of firm.

Bank with.....

INVESTIGATION BLANK.

Name of Customer....., Or Known as.....

Business..... Address.....

Answer each question. If you do not know, write X in the space intended for the answer.

- | | | |
|----------------------------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------|
| 1. Value of stock? \$..... | 7. What is the largest amount owed us at any one time? \$..... | 13. State fully your reasons for recommending for credit. |
| 2. Value of tools and fixtures? \$..... | 8. How long dealing with us? | |
| 3. Value and description of other property and resources? | 9. Through what channel do orders come (mail or salesman, or how?) | |
| | 10. Prompt or slow pay with us? | |
| 4. Chattel mortgage? How much? \$..... | 11. In what bank do they deposit? | |
| 5. Amount you think they will require? \$..... | | |
| 6. What forms and limit do you recommend? And give reasons why. | 12. Do you know anything reflecting on their habits or character? | |
| | State full particulars concisely. | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

If he deals with other firms (Packers excepted), give below:

Name..... Address.....

Name..... Address.....

Name..... Address.....

The Certification below must be subscribed to by the Manager, Cashier, and Salesman accustomed to deal with the party, and he must check (thus V)

"information" or "knowledge" (as the case may be) above his signature.

CERTIFICATION.

From our best obtainable information or our knowledge, we have replied truly to above questions.

Information..... Information..... Information.....

Knowledge..... Knowledge..... Knowledge.....

.....

Manager.

Cashier.

Salesman.

If either dissent, or desire to further explain answers, write and sign on reverse side hereof.

Name _____		Salesman _____		L. F. _____
Address _____		Cr. Limit _____		
Account Opened _____		Amt. _____	Previous Cr. _____	How Paid _____
Terms _____		Prompt Pay _____		Slow Pay _____
Rating	Remarks			
	Specials			
Clearing House	Remarks			
	Specials			
Local lqf.				
REFERENCES		REMARKS		

Form 4—1013

NAME	LEDGER FOLIO
TOWN	STATE
FIRM MEMBERS	
RATING-DUN	BRADSTREET
SPECIAL	
REFERENCES	
HIGHEST CREDIT ALLOWED	
TERMS AND DISCOUNTS	
SPECIAL ARRANGEMENTS AND REMARKS	

Form 3—1014

NOTE REGISTER

M L K J H

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

Name _____ Amount \$ _____

Address _____

Date _____ No. _____ Terms _____ Due _____

Renewed _____ Protested _____ Paid _____

Interest Paid _____ Int. Added _____

Letters _____ Replies _____

To Attorney _____

Remarks _____

Form 7—1017

SNAP-SHOTS FOR THE BUSINESS MAN.

DUPLICATE PRODUCTION ORDERS.

In a great many factories it is the rule to hold the superintendent entirely responsible for the completion of orders within the specified limit of time, no attention being paid to this feature of production by the executive department unless complaints are received from customers or finished product supply runs short.

A method much recommended is to issue production orders to the superintendent in duplicate by the executive department. The original goes to the superintendent and the duplicate is placed in a waiting file indexed by date from 1 to 31. Every day this file is referred to and a report from the superintendent called for on all jobs which should be completed with reasons for delay if uncompleted.

SECTION I.

CUSTOMERS.

- 27. **Sales Department—**
- 27. **Quotation Record—**A record in duplicate of prices and terms quoted to prospects or customers.
- 28. **Sales Slips—**
- 29. **Sales Ticket—**
- 30. **Salesmen's Duplicates—**
- 31. **Sales Checks—**Terms used to describe the method used in retail stores to record cash and credit sales.

32. **Cash Sales—**The treatment of cash sales is usually a simple matter. The salesman is furnished a book of duplicate tickets with carbon sheet, consecutively numbered. The original is handed to the customer, the duplicate goes to the cashier. At the back of the ticket book is a summary page, or leaf, on which the salesman enters date, ticket number and amount of each sale, this furnishing the total day's sales.

33. **Credit Sales—Retail—**Numerous methods have been devised for taking care of sales in the retail business, such as the Pass Book Plan; Combination Sales Slip and Customers' Ledger plan. Full particulars and illustrations will be found under the heading of Accounting for Retail Businesses.

34. **Sales and Deliveries—**A plan much used by retail merchants is to make triplicate sales tickets—the original being handed to the customer, the duplicate to the book-keeper. The third—which is provided with a form of receipt, is given to the driver of the delivery wagon, who obtains the customer's receipt for the goods delivered.

- 35. **Columnar Sales Book—**
- 36. **Sales Distribution—**
- 37. **Sales Comparative Statements—**
- 38. **Sales Recapitulation—**
- 39. **Sales Summary—**A record of sales distributed for statistical or comparative purposes over departments, articles, or salesmen.

Where sales books are used a combination of sales and returns is sometimes adopted, but separate loose leaf records are much superior.

The general use of a columnar sales book may be thus described:

On the credit side there are three columns headed with the letters by which the departments are known and one headed "sundries;" on the debit side there are columns for sundries, sales ledger and returns and allowances. When a sale is recorded the total is entered in the **sales ledger** column, from which it is posted to the account of the customer; on the credit side the amount is entered in the department column to which the sale belongs,

or if the sale includes goods from more than one department the amount is divided. Cash sales for the day are tabulated from the sales slips, if used, or if a cash register is used, sales for each department can be registered separately. Similar departmental columns can be provided on the debit side of the cash book, in which cash sales will be recorded; or the total for the day can be entered in the sales book as **cash sales**, the total in the sundries column on the debit side and the amounts for the several departments, in the departmental columns. In this case it will not be necessary to post the amount in the sundries column as it is already a debit to cash in the cash book.

At the end of the month the total sales of each department—both cash and charge—will be credited to departmental sales accounts in the general ledger. At the end of any period these accounts will exhibit the total gross sales.

When goods are returned, or allowances made, the amount will be entered in the returns and allowances column, from which the total is posted at the end of the month to the debit of an account under this same caption. The customer will receive credit through the sundries column on the credit side of the sales book. See Form 3.

Form 4 is a distribution by salesmen used for comparative purposes.

Form 5 is a special distribution for a lumber manufacturing business. The ledger folio should always be placed next to the total column, as illustrated, for convenience in posting to sales ledger.

Form 6 exhibits a departmental distribution.

Form 7 is a comparative sales summary in tabular form for a wholesale and retail business. By using both sides of the card for printing the months from January to December the size will not be unwieldy. The six months Total column should follow the June column. The cards should be arranged in alphabetical order indicated by guide cards.

40. **Sales Order Blank**—A record suitable for many wholesale and retail businesses combining, by means of a duplicate, the sale order—for department and shipping room—and the loose leaf sales book for the office from which posting is made to ledger account.

41. **Approbation Sales**—A record of goods sold on approval should be made on loose leaf forms of similar nature to the regular sales order blank, and kept in a separate binder until goods are accepted. The order is then transferred to the regular sales record. A tickler may be used for daily reference so that nothing is lost sight of through mislaying or losing the sales order.

42. **Jobbing—Purchases and Sales**—A term used to indicate sales made to creditors or purchases made from customers. In order to avoid

complications, when proving up work at the end of the month, it is a good plan to add Purchases and Sales adjustment columns to Sales and Purchase Records.

43. Customers' Containers—In the bottling and brewing businesses the containers (such as kegs, barrels, cases, etc.) are of considerable value. They should be charged to the customer in the bill and credited on their return. In sales record and ledger provide separate columns for container values and goods values.

This is the only practical method of impressing on the customer the necessity of returning the containers, but card container records may be kept if preferred. In this case every container should be numbered and date, number and customer's name entered on the record.

44. Customer's Envelopes—Some large concerns have adopted the practice of printing large batches of permanent customers' names and addresses on invoices and envelopes by the use of an addressograph in order to facilitate mailing.

45. Customers' Returns—Credit tickets should be made in duplicate the original going to the customer and the duplicate being handed in to the office for posting to ledger account.

46. Customers' Statements—In some businesses one loose leaf ledger page is used for each month. The posting is made in duplicate by using a carbon interleaf. The original is mailed to the customer as a monthly statement. See Accounting for Retail Businesses.

47. Customers' Comparative Statement—Furnishing a monthly and yearly comparison of sales to each customer, with name of salesman. See Form 13.

48. Elimination of Sales Ledger—As in the case of the purchase ledger, the sales ledger has enemies bent on its annihilation as a unit of the double entry system.

One method recommended consists of duplicate or triplicate bills (as found necessary), numbered consecutively; duplicate credit tickets; current binder and reference ledger folder; daily sales summary; cash journal; duplicate monthly statements.

THE BILL.

Original goes to customer, duplicate to folder, triplicate to shipping room.

THE CREDIT TICKET.

Original goes to customer, duplicate to folder.

CURRENT BINDER.—DAILY SALES SUMMARY.

This holds each day's transactions. At the end of the day, a recapitulation is made of total sales and credits (by departments, or salesmen, etc., if desired), and at the end of the month grand totals are debited and credited to Accounts Receivable Controlling Account in general ledger, and credited and debited to Sales Account.

The bills and credit tickets are numbered consecutively. The summary thus shows that no bill has been overlooked. The initial letter shows where to find the number in the folder. See Form 11.

REFERENCE AND LEDGER FOLDER

When the daily sales summary is completed, transfer bills and credit tickets to the folder.

CASH JOURNAL.

This book contains columns for accounts receivable, credits for cash received, and cash discounts.

At the end of the month the totals of these columns are debited to cash and credited to Accounts Receivable Account, debited to Cash, and either to Sales Account or special Discount Account.

MONTHLY STATEMENT.

A duplicate monthly statement is opened for each purchaser, at the beginning of each month. On this statement is entered debits to customers from current bills, credits to customers from cash journal and credit tickets.

Original goes to customer, duplicate to folder.

PROOF OF WORK.

A recapitulation is made of current debits and credits from the monthly statements, and agreed with totals of daily sales summary and cash journal totals. Also recapitulation of balances is made from monthly statements and agreed with balance shown in Accounts Receivable Account in general ledger. See Form 12.

This proves correctness of postings to Sales, Discount, Allowance, and Accounts Receivable Accounts, and accuracy of monthly statement work, with the least possible labor and expense.

No expensive ledgers—no wearisome and bothersome sales ledger accounts trial balance.

SALES TICKET

Clerk No. _____ Amount \$ _____

Ticket No. _____

☐ Deliver to _____

☐ Deposit _____

Form 1-1018

Proof of Work.

Total debits—daily summary.....	\$12,054.25	
Less credits for allowances.....	719.65	\$11,334.60
<hr/>		
Sales account balance		\$11,334.60
Total balances—monthly statements		\$10,826.15
Total Accts. Rec. Account, January.....	\$15,410.22	
Total debits, February	12,054.25	
<hr/>		
	\$27,464.47	
 Less—		
Cash receipts, February.....	\$9,744.42	
Cash discounts, February.....	174.25	
Credit tickets, February.....	719.65	
<hr/>		
	\$10,638.32	\$16,826.15

Form 12-1019

[illegible]

Form 2-1020

Returns & Allowances		Sales Ledger		Sundries		L. F.		L. F.	Sundries	Dept. A.	Dept. B.	Dept. C.	

Form 3—1021

SALES RECORD								
Order No.	Date		Name	Address	Salesmen			
					R. Johnson	M. Brown	W. Jenkins	H. Kahn

Form 4—1022

SECTION I.

DISCOUNTS.

49. **Discount**—A deduction from the amount of a bill or charge for commodities sold, services rendered, sometimes as an inducement for prompt payment, sometimes as an allowance or rebate.

50. **Cash Discount**—

51. **Sales Cash Discount**—

52. **Purchases Cash Discount**—A discount allowed to purchasers, either for payment on a specified date, or for payment prior to due date or maturity.

The modern method is to provide special columns in cash book or cash journal, adjacent to Accounts Receivable or Accounts Payable columns. Net amount received or paid, is entered in customers' or creditors' columns, and discount deducted is entered in discount columns. These amounts are posted separately to the credit of customers', or debit of creditors' ledger accounts.

ADVANTAGES.

It does not require re-writing of names and addresses involved in entering discounts in a Journal as being a journal entry.

It does not require re-writing of names by entering sales discounts on the cash paid side of the cash book as a credit to cash, or entering purchase discounts on the cash received side of the cash book as a cash debit. To save posting, the gross amount of bill may be entered in Accounts Receivable or Accounts Payable columns and posted as one item to customer's or creditor's ledger account, without segregating discount.

It affords an easy reference to the proprietor or manager, looking over cash book pages to satisfy himself that discount deductions are legitimate.

It facilitates the work of the auditor in ascertaining that customers' discounts have not been inflated in the cash book while posted correctly in the ledger.

See forms illustrated under the heading of Cash Book.

53. **Statistical Disposition of Cash Discount**—There has been considerable discussion among accountants as to the final disposition of cash discount. Some would include both sales and purchase discounts in the Trading account; others would include both in the Profit and Loss account.

Inasmuch as a deduction of discount from the amount of goods purchased undoubtedly reduces their cost, we consider purchase discount-

should be included in the Manufacturing account in factories and in the Trading Account in the wholesale and retail businesses.

On the other hand as cash discount allowed to customers is offered either as an inducement to buy, or to secure advance payment, it should in the first case be included in selling expense and, in the second, as an ordinary revenue expense similar to interest.

Again, where there is no competition, but customers are liable to follow the fashionable practice of deducting 2% cash discount whether offered it or not, the merchant may provide for this deduction by adding a sufficient amount to the selling price.

It is then correct to deduct cash discount from the amount of sales in the Trading account.

54. **Anticipated Sales and Purchase Discounts**—Accruing cash discounts should be estimated at the end of each financial period, and deducted on the Balance sheet from Accounts Receivable and Accounts Payable, adding the difference between the two to a Discount Adjustment account on either assets or liabilities side, according to the excess of one class of discount over the other.

55. **Freight and Cash Discount**—See Freight and Express.

56. **Trade Discount**—A regular list discount allowed by manufacturers and wholesalers to jobbers and retailers, arranged for the purpose of differentiating prices according to commercial position of the buyer or quantity bought. As this trade discount is always deducted on invoices rendered, it is not included in accounting records unless for special reasons.

There are frequently several consecutive discounts, such as 75%, 10% and 5%, each discount being computed on the remainder and not on the gross amount.

Example.

Bill \$1,200 less 75%, 10% and 5%.

	\$1,200.00
75%	900.00
	<hr/>
	\$ 300.00
10%	30.00
	<hr/>
	\$ 270.00
5%	13.50
	<hr/>
	\$ 256.50

57. **True Discount**—That amount which by deduction from a note not yet due exhibits the face value of the note at the present date.

Example.

Note—\$200, dated March 1st, due July 1st; present date—May 15th:	
6% on \$1 for 4 months.....	\$1+02
Divide \$200 by \$1.02.....	= \$196.08
6% on \$196.08 (true discount).....	= 3.92
	\$200.00

58. **Bank Discount**—"Interest deducted from amount loaned at the time loan is made." By this method the percentage of interest charged is largely increased.

59. **Loan Society Discount**—

60. **Discount on Capital Purchases**—See Capital.

61. **Discount on Stock**—See Corporation Stock.

SNAP-SHOTS FOR THE BUSINESS MAN.

SYSTEM IN MONTHLY STATEMENTS.

The monthly statement is usually the preliminary attack of the collection department. It discloses the fact that the collection trenches have been dug and that the guard is mounted and ready for action.

In most business houses, however, the customer is given much leeway to which he is not entitled by the practice of mailing statements on the 1st of each month and at no other time, regardless of when the bill is due.

If a business house has this custom of sending out statements the first of each month and sells on 30 or 60 days' time, and a customer makes a purchase the fore part of the month, the bill really does not become due until after the first of the next month, and unless the customer discounts his bills he pays no attention to a statement sent him before his account is actually due; therefore, if another statement is not sent this customer until the first of the succeeding month he has been granted the privilege to take a considerable time in excess of that to which he is entitled. It is also a fact that many merchants fail to take into consideration that in making a purchase they enter into a contract which is a double-jointed affair, the seller agreeing to make and ship the goods and to wait a certain time for his money, thus fulfilling his part of the contract; the purchaser's contract consisting of making payment at due date.

A large number of merchants agree to forget that they have entered into any contract of this kind, and in order to call attention to irregularities of this nature, the following plan has been adopted:

Aug. 18, Statement

Please favor us with prompt settlement.

Aug. 28, Statement

Please note—This account was due Aug. 18. We ask you to give it immediate attention.

Sept. 7, Statement

Your attention has been drawn to this account 3 times. Unless we receive settlement by Sept. 21 we shall draw on you at sight without further notice.

FILING AND INDEXING.

62. **Filing Systems**—Methods of arranging records for speedy reference which are now devised for every department of business. For description and illustration we will select a few examples. These systems are devised with cards, loose leaves, trays and binders—trays for cards and binders for loose leaves. Vertical folders are also frequently used for the latter.

63. **Card Filing Systems**—These are generally found most convenient as they possess the following advantages:

Guide cards with movable or immovable extension tabs. In starting a filing system movable tabs should be used for experimental purposes as new ideas and requirements are likely to arise in developing the system.

Illimitable cross-indexing—alphabetical, sectional, departmental, sub-divisional, numerical, chronological, etc. No separate index required.

Continuous live cards, new cards being added as old ones are filled up.

Removal of dead cards, thus limiting space required.

64. **Loose Leaf Filing Systems**—The advantages of this method are very similar, but cards are stronger and bear handling better.

Miscellaneous Illustrations—Form 1 is a Clipping File, containing approved extracts from newspapers, magazines, etc. for further use. These are pasted on the cards to prevent loss or becoming misplaced.

In the case of books which must not be mutilated, write extracts on the cards abbreviated as much as possible, and refer to book and page.

In the case of Documents, Manuscripts, etc. file them numerically in suitable pockets or desk-drawers, and enter particulars and numbers on the filing card index.

Catalogs are usually bulky. They may be filed in book cases with numbers stamped or pasted on the backs. A filing card index is used as above indicated.

Some concerns who have a large correspondence with branches or agents, file the correspondence received from them alphabetically sub-sectionalized by subjects, but this makes a separate letter on each subject a requisite.

Some railroads have adopted a double alphabetical and numerical indexes for all correspondence, the cards being cross-indexed somewhat as follows:

Customers, alphabetically; subjects, decimally, thus:
Crossings—Guide card—No. 5.

Highway	5.01
Steam R. R.....	5.02
Street R. R.....	5.03
Etc., etc.	

Form 2 is a subject record for the use of lecturers, public speakers, clergymen, etc. On this card everything of interest pertaining to a particular subject may be assembled, and thus prevent waste of time when information on that subject is needed.

A Trade Paper and Text Book index is kept in large manufacturing businesses for the edification and instruction of the employees, and to assist in enforcing rules established by the lending library, which are pasted on the inside front cover of each book or stamped across the periodical. See Form 3.

Subject	
Source of information _____	
Author _____	Chapter or Date _____
Particulars _____	

CLIPPING FILE

A. B. C.

Subject _____

Periodical _____ Date _____

Date _____

Refer to File No. _____

Form 1—1032

A TRADE LIBRARY INDEX

Name of Periodical _____
or Book _____

Date _____

Issued to _____

Date _____

Time Extended _____

Date Returned _____

Received the above subject to conditions of loan.

Sig. _____

Dept. _____

Form 3—1033

SECTION I.

FOLLOW-UP SYSTEMS AND RECORDS.

65. **Follow-up**—A term adopted to denote methods of keeping track of progression of anything not yet completed—purchases, sales, manufacture, contracts, transportation, etc.

66. **Collection Follow-ups**—

Letter No. 1.

New York,, 191..

Dear Sir:—

A small balance of \$..... still remains unpaid on your account with us for piano purchased by you in 19....

It would seem to us that this matter must have been overlooked, as we have been informed of your high standing in your community for the prompt payment of your bills.

We feel that a few frank words are always welcome and desire to impress upon you the importance of sending the amount which is due from you and trust that you will give the matter your prompt attention.

Remembering our many pleasant relations in the past, we look with confidence to the receipt of your remittance during the next few days.

Yours sincerely,

Collection Manager.

Letter No. 2.

New York,, 191...

Dear Sir:—

A small balance of \$..... remains unpaid on your account with us for the piano purchased by you in

On this purchase we feel that we have extended very liberal terms to you, namely, \$..... per month, and you will readily appreciate the fact that the entire balance of the purchase price is now due and payable. As we have extended unusual consideration and leniency in the matter of payments at different times we feel justified in requesting a settlement in full, if convenient, and will thank you for a remittance to cover the small balance due so that we may close your present account on our books.

Sincerely yours,

Collection Manager.

Or the following letter might be used:

New York,, 191...

Dear Sir:—

On we called your attention to a small balance due us on your account for the piano which you purchased We regret that it is again necessary for us to bring the matter to your attention, as we feel that the condition of the account is overlooked.

We greatly appreciate the fact that from information we have gained you are amply able to pay the small balance due, and have no

desire whatever to cause you any inconvenience, therefore I write to inquire if you cannot mail us a check by return mail for the amount of \$.....

If you can arrange to take care of the matter at this time I shall consider it a very great personal favor and your account would not then appear on our books as delinquent.

I sincerely hope that you will make a special effort in this instance and extend to us the same courtesy which you have shown us in the past.

Sincerely yours,

Collection Manager.

Or instead of the above letter the following might be used, which is considerably stronger and may have a tendency to antagonize the debtor:

New York,, 191...

Dear Sir:—

On we called your attention to the small balance due us on account for the piano purchased, amounting to \$.....

We are indeed sorry that you have completely ignored all of the communications which we have written you relative to the matter, and, therefore, wish to say that we do not propose to carry this small account on our books indefinitely.

We have extended unusual leniency and courtesy to you throughout your business relations with us, and feel that we have not been given just consideration, which prompts us to state that we now feel justified in demanding a settlement of the account in full without unnecessary delay.

Please arrange for the payment of the account at this time and mail to us a remittance in full by return mail. This small balance must receive your attention.

Sincerely yours,

Collection Manager.

Within a reasonable time after sending out the first two letters of this series the account of the debtor constantly becomes more delinquent when a letter of greater strength is used, similar to the following:

New York,, 191...

Dear Sir:—

Your continued silence after receiving our previous letters compels us to infer that you neither propose nor intend to remit to us the small balance on your account.

The amount is justly due and we now state positively that on account of our having been patient, lenient and courteous with you in the past we cannot let the matter drop at this time by merely writing you.

It is not our desire to mislead anyone relative to our action concerning a just debt, but we are confident that if you fully understood how much this small claim may cost you you will remit the amount to us without delay to save us the displeasure incident to bringing suit against you.

Sincerely yours,

Collection Manager.

It frequently happens that, after considerable urging, a debtor will remit a small amount on account, thereby hoping that further dunning will cease for a time at least. In such cases the following letter is appropriate:

New York,, 191...

Dear Sir:—

We recently received a remittance from you to apply on your account, which we properly credited, but fully anticipated that we should be favored with a further payment toward the balance due us, amounting to \$....., not later than this date.

If it is inconvenient for you to mail us a remittance in payment of the instalments now past due, amounting to \$....., can you not arrange to favor us with a check for a part of the amount, and arrange to take care of the remainder at a later date?

We thank you in advance for giving this matter your early attention and trust to receive a prompt response.

Sincerely yours,

Collection Manager.

Of course it is understood that a sufficient amount of time elapses between the dates for sending out different series of collection letters to give the debtor ample opportunity to make reply. The following letter is sent out a few days later with a somewhat different expression, extending the usual courtesy to the customer:

New York,, 191...

Dear Sir:—

The management has recently investigated and examined all of the various instalment accounts on our books and has given instructions to me to make a special effort and request each customer having any payments past due to extend a special courtesy to us by remitting the amount.

I find that ——— payments of \$....., or \$..... in all are due and payable on your account at this time for the piano purchased by you

We have extended very liberal terms to you in our agreement under which you purchased the instrument and beg to advise you that we have a very large number of instalment accounts on our books, so that we will greatly appreciate the prompt payment of the monthly instalments as they become due. A large number of these small items make a very large aggregate.

From information which we have gained from different sources we appreciate the fact that you are amply able to pay the small balance due, and we have no desire whatever to place you to any inconvenience.

I write to ask if it is not convenient for you to mail me a check for prior to I thank you sincerely for giving this matter your early attention.

Sincerely yours,

Collection Manager.

Having received no response whatever to any of the letters sent out, the following letter is used after the usual lapse of time:

New York,, 191...

Dear Sir:—

Of late I have been giving special consideration to several of the accounts appearing on our books, among which I find your account considerably past due, consisting of payments of \$..... each, or \$..... in all, due and payable at this time.

We have extended to you exceptionally liberal terms for your convenience in the purchase of the piano which we shipped to you on, and we are confident that if you realize the condition of the account you will favor us with a remittance.

We are confident that you will appreciate the enormous amount which we have tied up in our accounts receivable for an instalment business of this nature, and further appreciate the fact that a small payment of \$..... per month is the least which we reasonably expect on your agreement with us.

We trust that within the next few days we shall receive a remittance covering the amount due at this time, and that in future you will find it convenient to make the regular monthly instalments as they become due.

We are placing the utmost reliance upon receiving a communication from you within the next week or ten days with remittance enclosed.

Thanking you for giving this matter your early attention, I remain,

Sincerely yours,

Collection Manager.

After sending out these letters it would seem that the debtor is entitled to a letter of greater severity, so that something along the following lines can only be used:

New York,, 191...

Dear Sir:—

We recently called your attention to a small balance of \$..... due and payable on your account with us for the piano which you purchased

Inasmuch as you have seemingly ignored all of our correspondence relative to this subject we feel justified in demanding that you give the matter your attention with a view to either making satisfactory arrangements with us for the liquidation of the debt or payment in full at this time.

If it is not convenient for you to mail us your check at once to cover the amount of the instalments now due and payable we shall expect a communication from you outlining a definite plan of settlement, which I hope will be agreeable to us and by which we will then expect you to abide.

We sincerely hope that it will not be necessary for us to carry this account over the first of another month without a considerable reduction in the balance due. We shall look for an early reply from you.

Sincerely yours,

Collection Manager.

Or the following letter might be used:

New York,, 191...

Dear Sir:—

It is with extreme regret that we are compelled to realize that you have completely ignored the several letters which we have directed to you concerning your account.

We must state frankly that we do not feel that you can expect us to carry the account on our books indefinitely without some arrangement for its disposition.

Your repeated inattention to the numerous communications forwarded to you compel us to feel justified in demanding the payment of all of the instalments due on you account to date without further unnecessary delay.

Please arrange for a definite settlement of the account at once, as we fully expect the same by return mail.

Sincerely yours,

Collection Manager.

67. Correspondence Follow-ups—Correspondence reserved for reply should always be subject to reference, and not held in any particular official's desk.

A good method is to employ a special alphabetical file called "Waiting File" for this kind of correspondence. A rubber stamp, as illustrated, is provided, each waiting letter thus indicating by whom it is wanted and for what.

WAITING FILE.

Date wanted.....
By whom.....

Form 1—1034

The correspondence folders should have extension date tabs, so that each morning the correspondence wanted that day may be placed on the desk of the party requiring it.

68. Customers' Follow-ups—These are used for the purpose of inducing or stimulating further orders.

In a retail house the sales clerks should endeavor to secure the name and address of every customer, and to these customers form letters as to special sales may then be mailed with the probable result of inducing calls or mail orders, which otherwise would not be made.

69. Inquiring Follow-ups—Inquiries may result from advertising, or through letters sent to prospects. See Prospect Follow-ups.

70. Manuscript Follow-ups—A method adopted by authors to keep track of the location of manuscript as it goes to one publishing house after another to be submitted for consideration.

71. Prospect Follow-ups—This is a very important department of mail order houses, or stores carrying mail order divisions. A record should not only be kept of the results of follow-ups by mail, but where salesmen call on prospects a record should be kept to see that none are neglected, and to keep tab on the salesmen's success or unsuitability for the business.

In sending circulars to prospects it is very desirable, when possible, to keep a list of businesses in which they are engaged, or kind of goods in which they may be expected to take an interest. This may be usually accomplished by sectionalizing cards by businesses indicated by guide cards and using regular alphabetical index cards.

It is essential to carefully follow-up those prospects to whom samples or catalogs have been supplied as these represent an expenditure to recoup which every effort should be made.

Many large retail stores endeavor to secure business, local and transient, by securing names from hotel registers, local news columns in daily papers, furniture movers, marriage notices, etc., and making house to house distribution of circulars.

72. Purchase Agents Follow-up—See Manufacturers' Accounts.

SNAP-SHOTS FOR THE BUSINESS MAN.

A CHECK ON FURNITURE MOVERS.

In the furniture moving business the men employed in carrying out removals are frequently guilty of carelessness, injuring the goods removed, unnecessary delay, and otherwise causing dissatisfaction.

A method adopted by some concerns to minimize this trouble is to have blanks printed requesting the customer to answer the following questions:

Did the men behave themselves?

Have you any complaint to make?

Can you suggest any improvements?

What was the exact amount paid the teamster?

The men employed on this work are given an opportunity to see a copy of this blank and to know that it will be mailed to each customer after the removal has been completed.

[illegible]

Form 2-1035

PROSPECT FOLLOW-UP.

Name
Address
Occupation
Inquiry through
Letters sent
Replies received
Samples Catalogs
Prices quoted.....
Remarks.....

Form 3-1036

INSURANCE FOLLOW-UP.

D.

Jan. Feb. Mar. Apr. May June July Aug. Sep. Oct. Nov. Dec.

Name _____ Address _____ Occupation _____

Born _____ Age _____ Married or Single _____ Insurance Carried _____

Proposed Plan _____ Premium _____ Amount of Ins. _____

Calls _____ Literature _____

Letters _____

Remarks _____

Form 5—1037

SALESMAN'S PROSPECT FOLLOW-UP.

Name

Address

Business

Articles Registered

Salesman

Calls

.....

Order Received

Remarks

Form 4—1038

SECTION I.

FREIGHT AND EXPRESS.

73. **Freight Record**—A record of railroad classification of rates, claims, collections, etc.

74. **In-Freight or Express**—Freight or express payable on goods received. A part of cost of production; an item of the Trading account.

75. **Out-Freight or Express**—Freight or express payable on goods shipped. An item of selling expense.

76. **Freight Rate Classification**—The important railroads of the United States publish periodical "Official Classifications." A form of rate card should be provided, covering each town or city to which fairly numerous shipments are made. This will save much time which would otherwise be involved in consulting the "Official Classification."

77. **Freight Rate Tag**—For the convenience of shippers of milk tickets, some electric roads sell them freight tags at specified rates for quantity and distance. This system would appear to be convenient and practical for all kinds of transportation where packages are uniform in contents and size.

78. **Freight and Cash Discount**—Disputes frequently occur as to whether freight or discount should be deducted first when paying bills for goods delivered f. o. b. point of shipment but which has been paid by the consignee.

The equitable rule in most cases appears to be that while the freight has nothing to do with the price of the goods as billed, the customer has advanced the money for payment of freight payable by the shipper. For this accommodation the customer should have the right to deduct cash discount from both cost of goods as billed and freight paid.

If goods are shipped f. o. b. point of destination, and freight is paid by shipper as an accommodation to the customer, the amount of such payment should not be subject to any deduction of discount.

In all cases it should be borne in mind that neither railroad nor express companies make a practice of allowing cash discount, although they may agree to make rebates.

79. **Freight Apportionment**—This is necessary in the case of branch establishments in the same city, carloads including goods for several departments, etc. The apportionment should be arrived at by reducing the cost per carload to the cost per pound transported, and multiplying the unit

thus obtained by the weight of material or goods delivered to each branch, or department.

80. **Freight Claims**—A record of claims made against railroads on account of excessive rates charged, damages to and loss of goods in transit, etc. Owing to the uncertainty of establishing these claims they should not be treated on the books as accounts receivable, but credited to Freight account after adjustment.

81. **Freight Rate Record**—A satisfactory method of recording and classifying freight rates to different points is a card system by commodities, states and towns, as illustrated:

FREIGHT CLAIMS.	
Consignee	Claim No.....
Address	
Date	
How Shipped	
When Shipped	
Nature of Goods.....	When Settled.....
Amount	

Form 1—1039

FREIGHT RATE RECORD					
<div style="border: 1px solid black; border-radius: 50%; display: inline-block; padding: 2px 10px;"> Iron Railings </div>					
TEXAS					
Town	Rate	Town	Rate	Town	Rate
Dallas					
Galveston					
Texarkana					
etc.					

Form 2—1040

SECTION I.

INVENTORIES AND STORES.

82. **Inventory**—A list of assets on hand. A schedule of material, supplies, tools, etc., of a business with or without prices attached.

83. **Asset Inventory**—Required for the construction of the balance sheet.

85. **Book Inventory**

86. **Perpetual Inventory**

84. **Approximate Inventory**—An inventory of stock kept on cards or loose leaves, exhibiting quantities received, issued or sold, and on hand. This must be agreed periodically by taking actual inventory, just as balance shown on cash book must be checked by actual count of cash on hand.

87. **Factory Inventory**—See Manufacturers' Accounts.

88. **Wholesale Inventory**

89. **Retail Inventory**—In these businesses sales are usually assembled and distributed from duplicate sales tickets, blanks being provided with numerous quantity and amount columns, and the totals of these columns entered on the inventory records.

90. **Daily Inventory**—If cost prices and amount of sales are included in inventory records, daily gross profits may be easily figured.

91. **Inventory Sheet**—A blank used to list quantities on hand, prices and extensions.

92. **Inventory Account**—A general ledger account to which is debited value of inventory at end of set periods, so that the balance sheet will be an exact summary of asset ledger accounts.

The Inventory Account is carried on the same principle as the Cash Account, as per the following example:

Dr.		Inventory.		Cr.	
Jan. 31	J78\$7,865.00	Feb. 28	J92\$7,865.00
Feb. 28	J92\$8,950.00			

The posting is made from journal entry, as indicated by posting folio, this entry being made to carry out the double entry system, crediting "Old Inventory" and debiting "New Inventory."

The inclusion of inventory values in a Merchandise Account is not considered as being a method which can be recommended.

See Trading Account and Turnover.

Article _____ Style or Size _____ Minimum _____ Selling Price _____ Manufacturer _____ Maximum _____ Catalog No. _____											
MONTH	On Hand Last Day Previous Mo.	RECEIVED			TOTAL	SOLD Quantity	ON HAND			ORDERED Quantity	REMARKS
		Quantity	Price	Cost			Quantity	Price	Value		
January											
February											
March											
April											
May											
June											
July											
August											
September											
October											
November											
December											
Totals											

Form 2-1042

DAILY SALES																																
DATE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTALS
January																																
February																																
March																																
April																																
May																																
June																																
July																																
August																																
September																																
October																																
November																																
December																																

Form 2-1043

SECTION I.

ORDERS, AND BILLS OR INVOICES.

94. **Order System**—A method of handling purchase orders or orders received. For purchase orders see Manufacturers' Accounts, sometimes called "Order Blank System."

95. **Order Register**—An Order Register is usually kept, principally for the purpose of giving each order a number, recording the number and preventing any order from being overlooked.

On an order being received, the particulars are entered on a manifold order blank. The original is retained in the office to be used as customer's bill; the duplicate is sent to the shipping room, to be used as office sales record after shipment is recorded thereon; as many other copies are made as there may be different departments included in the order.

96. **Order Card Index**—This record is found very necessary in factories, or businesses where frequent repairs, or new parts, are required. Each part of an agricultural implement, manufactured in several styles, may be numbered on the part, but the customer rarely thinks of mentioning the number when ordering a new part. This card index, therefore, contains customer's name and address, Order No., and description of article sold, which, of course, indicates at once the kind of part required.

97. **Back Order**—An unfulfilled or uncompleted order. See Filing Systems.

98. **Factory Order**.—See Manufacturers' Accounts.

99. **Envelope Order System**—See Printing Business.

100 **Billing Machine**—This device is used for making manifold order blanks and duplicate bills to customers.

Improved billing machines contain many important features—light touch with additional speed, carbon and tally rolls attachments, two-color (black and red) ribbons, automatic proof strips, etc.

It is considered a quicker and more dependable plan to use an adding machine for totaling bills.

101. **Bill**—The record of any kind of charge made on account of goods sold, allowances claimed, services rendered, etc.

AN INVOICE.

102. **Invoice**—See Bill.

103. **Manifold Bill**—In retail houses this includes bill to customer; shipping room instructions; teamsters' delivery receipt.

MANIFOLD ORDER BLANKS

INVOICE

ASSEMBLING SHOP

MACHINE SHOP

SHIPPING CLERK

SALES TICKET

Order No. _____ Date _____ L.F. _____

Name _____ Salesman _____

Address _____ Terms _____ Shipped _____

Dr. to John McArthur & Co.
Buffalo, N.Y.

Quantity	Description	Dept	Price		Amount

Form 2—1048

SNAP-SHOTS FOR THE BUSINESS MAN.

HARDWARE RETAIL STOCK RECORD.

A hardware stock record that has been found satisfactory readily indicates quantity on hand, and minimum quantity reached when a new purchase order must be attended to, without any special record being required, is as follows:

We will suppose the original order is for one dozen churns. They are tagged with numbers from 1001 to 1012 and No. 1012 is used for display. When No. 1012 is sold it is replaced for display by No. 1011, and so on.

The number of the churn on display thus always shown the actual number of churns on hand and when the minimum quantity—No. 1003—is reached the office is notified so that it may proceed to place another order with the wholesaler.

SECTION I.

PAY-ROLLS AND EMPLOYERS' RECORDS.

105. **Pay-roll**—A record, or summary, of wages paid.
106. **Pay-roll and Check Register**—A combination record, or summary of wages paid by check, containing date, number and amount of each check issued to employees.
107. **Pay-roll Check**—A bank check issued to employees in payment of wages or to make advances.
108. **Pay-roll Department**
109. **Pay-roll Distribution**—A pay-roll containing various columns for the distribution of wages by accounts, or departments. A sectional pay-roll, a separate section being provided for each department.
110. **Pay-roll and Ledger**—A combination record of wages paid, arranged alphabetically in tabular ledger form, a certain space being allotted to each employee's account as in a commercial balance ledger. Sometimes called a "Hands Ledger."
111. **Hands Ledger**—A combination pay-roll and ledger.
112. **Pay-roll Summary**—An assembly of sectional pay-roll totals for statistical purposes.
113. **Pay Voucher**—An authority issued to employees to collect their wages from the cashier.
114. **Piece Work**—The payment of wages by quantity instead of by period.
115. **Profit-sharing**—A plan of increasing wages and salaries by donating to employees a certain percentage of net profits.
- A plan of this kind in use by a large manufacturing company is arranged as follows:
- a. Skilled employees only may participate.
 - b. Employees share losses as well as profits.
 - c. Employees' share of losses (if any) provided for by deduction of percentage of wages each week. If no loss occurs amount deducted is paid to employee at end of year.
 - d. Employees' share of profits is computed after deduction of all expense from gross profit (including depreciation) and interest on capital invested.

- e. Company reserves right to discharge at any time on refund of deductions.

116. **Employees' Records**—Statistical records containing information as to experience and reputation of employees or prospective employees.

EASY METHODS OF HANDLING LARGE PAY-ROLLS.

The followings system for recording labor and handling large monthly pay-rolls with ease (described in article contributed to Beach's Magazine by D. R. Treat) has been used successfully by a Western mining company operating several plants and employing from 1,200 to 1,500 men, and the saving of time and labor resulting from its adoption has fully demonstrated its efficiency.

The original record of mine labor is taken from the various shift bosses' time books, while for the mechanical force and other employes whose time is spent on sundry jobs, time cards similar to illustration are used. These time books and cards are handed in each morning to the mine offices for posting to the pay-roll form shown, which, it will be seen, combines the features of both pay-roll and monthly time book and affords a complete, continuous record of each employe's time. To facilitate the detection and location of errors which may occur in making up the pay-roll at the end of the month, each sheet is totalled separately and the footings carried to a recapitulation sheet, from which the sum total of deductions is obtained. The back of each card is ruled to provide information regarding supplies used and remarks.

Distribution of the labor expense to the various operating accounts is made from time books and time cards, thus furnishing an absolute check on the total amount of pay-roll. Vouchers for such distribution are turned in by each mine office to the main office for entry to the debit of accounts involved, the total being credited to Pay Roll Payable.

In accordance with the general custom of mining companies throughout the West, all payments for labor are made by either time check or pay check of forms shown. The former are issued by the mine office to employes who quit or are discharged during the month, pay checks being issued from the main office only after completion of the monthly roll. Signatures are required on the pay-roll for time checks, but each pay check, when endorsed, constitutes a receipt in full for wages to the date thereof, by reason of the clause printed on the reverse side. Check numbers are entered in column provided for same on pay-roll, while the sheet and line numbers entered on each check furnish the necessary cross reference.

No checks on pay-roll account are entered in the cash book when issued, but, under an arrangement with the bank, cancelled checks are returned daily and entered as of date paid. At first, each check was entered

in a check register with special columns for each plant, the totals only being transferred to the cash book at the end of each month for posting to the debit of Pay Roll account; but as the number of men employed by the company gradually increased it was found that it would be necessary either to reduce the time required to handle checks, or else increase the clerical force, and this led to the adoption of the present system.

This consists of stamping each check in the upper left hand corner with date of payment, after which they are sorted by plants, arranged numerically, and checked off on the respective pay-rolls by stamping the date paid in the "Signature" column after computing the amounts. This done, each plant's checks are listed separately on an adding machine, and the total of each list entered in the cash book in a special "Pay Roll" column, proof of the correctness of these amounts being obtained by checking the sum of the adding machine lists with the bank's list. This superseding of the old check register by adding machine lists has alone effected considerable saving of both time and labor.

At the end of each month the total of the Pay Roll column in the cash book is posted to the debit of that account in the ledger, when the balance shown thereon—after making due allowance for current month's items which have been paid, but not credited to the account—represents the amount of unpaid checks outstanding. This should agree with the total of the amounts which have not been stamped paid on the pay-roll sheets, these being set out each month at the extreme right of the "Signature" column and crossed off as they are paid. By this method any discrepancies are bound to appear, necessitating the location of all errors in order to effect reconciliation with the ledger balance.

After entry in the cash book, the checks and machine slips for each plant are bound together with elastic bands, and these bundles filed chronologically by means of dated guide cards, in the manner shown in the accompanying illustration. This method of filing possesses the merit of extreme simplicity and admits of any check being readily found by simply referring to the check number and date of payment as entered on the pay-roll sheet.

These sheets, which, as hereinbefore explained, constitute the permanent labor record for each plant, are filed separately in loose leaf binders with the latest month's roll on top, which not only answers every requirement for an efficient filing system, but enables any desired information to be obtained at a moment's notice.

Mass Plant

Winter Plant

March 1, 1907
 March 6, 1907
 March 8, 1907
 March 4, 1907
 March 3, 1907
 March 3, 1907
 March 1, 1907
 March 10, 1907
 March 7, 1907
 March 2, 1907
 March 2, 1907
 March 7, 1907
 March 9, 1907
 March 3, 1907
 March 2, 1907
 March 1, 1907
 March 12, 1907
 March 9, 1907
 March 6, 1907
 March 7, 1907
 March 6, 1907
 March 5, 1907
 March 4, 1907
 March 3, 1907
 March 2, 1907
 March 1, 1907

PAY ROLL
 CHECKS
 March 1, 1907 To

Form 5-1053

[illegible]

(left hand page)

(right hand page)

Name			Address			No.		
Age	Sex	Married or Single	Nationality		Remarks			
Where Last Employed					Reason for leaving Last Employer			
Commenced		Dept.	Occupation		Salary			Per Wk.
Date	Transferred to	"	"	"	"			
"	"	"	"	"	"			
"	"	"	"	"	"			
"	"	"	"	"	"			
"	"	"	"	"	"			
"	"	"	"	"	"			
"	"	"	"	"	"			
Vacation		With Pay for		Services dispensed with		Cause for Leaving		
From	Date	To	Date	Week				

Form 11-1061

NUMBER	NAME				RATE PER HOUR	
Date Employed	Date Leaving		Reasons			
Re-Employed	Date Leaving		Reasons			
Re-Employed	Date Leaving		Reasons			
Re-Employed	Date Leaving		Reasons			
Re-Employed	Date Leaving		Reasons			
Wages Increased to						
Date						
Special Agreement						

Form 12-1062

PAY-ROLL CHECK.

Employees' Check for Wages, payable only Mondays.

Date.....19.... \$.....

To FIRST NATIONAL BANK

Pay to the order of

..... Dollars
100

..... or Auditor.

..... Treasurer.

Form 12—1063

EMPLOYEE'S RECORD.

Name..... Address.....

Age..... Nationality..... Occupation.....

Formerly with for years

Engaged.....19.... Wages \$.....

Wages increased

Date of leaving19.... Reason.....

Remarks

.....

.....

.....

Form 12—1064

APPLICATION FOR EMPLOYMENT.

Date.....

Name

Address

Position Applied for.....

Last Place of Employment.....

Address

Employed as

Term of Employment.....

Reasons for Leaving.....

Terminated

Salary \$.....

References

.....

Remarks

Form 14—1065

APPLICANT FOR POSITION.

Date

Age

Name

Address

Occupation

Last Employed

.....

Reference..... Remarks.....

.....

.....

Form 15—1066

Daily Report of Patients Treated by Medical Dept.
of The Trenton Steel Co.

Trenton, N.J. _____ 19__

Office No.	Hospital No.	Name	Age	Occupation	Nature of Injury

Surgeon _____

Form 16-1067.

EMPLOYEES BENEFIT RECORD

Form 17-1088.

SECTION I.

PURCHASES.

- 117. Purchase Department—
- 118. Quotation, or Price, Record—
- 119. Purchase Requisition—
- 120. Purchase Order—
- 121. Purchase Tickler—
- 122. Receiving Clerk's Report—
- 123. Stores and Supplies Records—

These records and forms are similar in principle and general design in all businesses—retail, wholesale, manufacturing, etc. Special attention is devoted to them under the heads of "Manufacturers' Accounts" and "Accounting for Retail Businesses," so that a repetition in this section is unnecessary.

124. **Invoice Book**—A kind of scrap book in which invoices were pasted, one or two pages usually being allowed to each creditor. Improved systems have practically abolished this method.

- 125. Purchase Journal—
- 126. Purchase Record—
- 127. Voucher Record—

These records are used for identical purposes except that a Voucher Record provides columns for Voucher No. and Unpaid Vouchers, while a Purchase Journal does not make any record of payments.

The Voucher Records will be dealt with under the heading of Voucher System.

- 128. Invoice Distribution—
- 129. Purchase Distribution—

The main object of Purchase Journals and Records is to effect a columnar distribution to various accounts for statistical purposes.

By this method it can be immediately ascertained how much of any particular material or supply has been bought and increase or diminution investigated.

Some concerns using a loose leaf record provide separate pages for each kind of goods ordered, posting the totals at the end of each month to the material and supplies accounts.

These pages are sectionalized and indexed to facilitate reference.

- 130. Due-date Record—
- 131. Maturity Record—

A record in the shape of a tickler or unpaid invoice folder, intended as an economical aid to secure cash discounts.

132. Combination Purchase and Maturity Record—These are mostly used in small businesses, where they are found very satisfactory.

133. Purchase Ledger—

134. Accounts Payable Ledger—

A ledger in which accounts with creditors are carried.

135. Purchase Systems—The general detail of a purchasing department varies greatly with the ideas of the management, although arriving at the same general results.

A good plan of looking after routine is to provide loose-leaf binders for purchase orders and invoices received—one binder for purchase ordered, one for Invoices Received, and the third for Invoices Audited for payment. When the invoice is received the purchase order is attached to it and both are placed in the Invoice Received file. When the invoice is O. K.'d it is transferred to the Invoices Audited binder under date on which it is due for payment.

136. Elimination of Purchase Ledger—Modern purchase systems have expelled the accounts payable ledger as altogether unnecessary—even where only partial payments are made on account.

After the invoice is audited it is entered for distribution in the purchase or voucher record, and placed in the tickler, or maturity record, for payment.

When paid it is entered in the cash book, and debited to the account to which it belongs, cash being credited.

If an invoice received is found on examination to be incorrect, it is returned for correction, a memo being attached to the purchase order, so that the goods on hand will be deducted from inventory if taken at that time. This plan is both economical and satisfactory.

SNAP SHOTS FOR THE BUSINESS MAN.

Annuity Computations.

To find the final value of an annuity of \$1 for a given time at a given rate, first find the compound interest on \$1 (from the compound interest tables in any good arithmetic, or special interest tables published by numerous compilers) for the given time at the given rate, then multiply by 100 and divide by the given rate.

SECTION I.

VOUCHER SYSTEM.

137. **Voucher System**—A purchase system consisting of Voucher Record, Voucher, Voucher Check.

Although a large amount of business literature has been devoted to explaining and discussing the Voucher System, the above summary covers the whole subject.

138. **Voucher Record**—

139. **Voucher Register**—

A purchase record including Voucher No., Check No., and date of payment.

The Voucher System as illustrated is designed for a business having one department and a small number of expense accounts. This form extends across a folio page. As invoices are audited for payment they are given consecutive numbers and entered. The totals are entered in the column headed "Vouchers Payable," and the amounts extended to the column representing the accounts for which purchases have been made. Under "purchases" we have two columns—"merchandise" and "in-freight." These columns represent total purchases of the merchandise which constitutes the stock-in-trade—one for invoice totals and one for transportation charges. The columns for expense accounts are self-explanatory; the sundries column is for accounts for which no special columns are provided. When the business is divided into departments, or if there are many expense accounts, columns can be added as needed. The thing to be kept in mind is a distribution of purchases adapted to the business.

When vouchers are paid, details are entered in the "payment" columns, on the same line with the vouchers paid. At the end of the month, the total of vouchers payable column is credited to a Vouchers Payable account in the general ledger, while the total of all payments is debited to the same account. Vouchers Payable account thus shows the total amount of outstanding accounts payable at the close of the month.

In registering vouchers, a new sheet should be started each month, and all payments should be entered opposite the voucher numbers paid.

140. **Vouchers Unpaid**—Where invoices are not regularly paid, or payments made on account, there is danger of their being overlooked. To obviate this possibility, special columns should be provided on the Voucher Record for "Month," "Voucher No." and "Unpaid Vouchers," these being

transferred each month from the previous month's records. These amounts are carried as memos and are included in the total column, the grand total of which is credited each month to Audited Vouchers Account in the general ledger.

If it is found to be too much trouble to itemize these unpaid vouchers, omit the "Voucher No." column and enter only monthly totals.

Another method of dealing with unpaid vouchers is as follows:

Sometimes there will be past due accounts; the amount should be brought forward each month in the column headed "Suspense Account," and subsequent payments should be entered in this column. Then there will be shown the exact status of past due or suspense accounts, whether balances are growing less or increasing.

141. **Remittance Blank—**

142. **Acknowledgement of Receipt—**

143. **Voucher—**

The voucher is a combination of remittance blank, statement, and receipt. It entails a considerable expenditure of time—is expensive—and is gradually being superseded by the improved voucher check.

144. **Voucher Check—**

145. **Combined Voucher and Check—**

This—the latest development of the voucher system—has been gradually perfected, is now approved by the banks and coming into general use.

The banks at first objected because of the inconvenient size of the original voucher checks, and because of stipulations as to proper or authorized signatures.

The combination form should be made in duplicate in pads. The regular check form is observed and at the left-hand margin are particulars of the account paid.

The account distribution, to which the goods purchased are to be charged, should be made on the invoices.

If bound check-books are preferred, provide complete stub of check and statement of account paid, tear off check before writing and place carbon over stub in order to obtain exact duplicate without re-writing.

VOUCHER CHECKS.

Report of the American Bankers' Association.

Negotiability—"It is the sense of this meeting that the voucher check be made in negotiable form."

Form—"That it is the sense of this meeting that a voucher check

should be in the form of a straight check or draft, and endorsement of the payee thereon be accepted as the only receipt required."

General Requirements—"That it is the sense of this meeting that the check voucher should be of the standard check size and in the standard draft form, with the number, date, amount and signature at the right end in the order named, and the name of the payor (Bank or Treasurer of Company) in the lower left corner, and that where a folded voucher is considered necessary by railroad companies, it should fold to standard check size, the check or draft to be at the bottom.

"That when a detachable check is used it should be in the standard form described above."

APPROVED VOUCHER CHECK

Approved _____ Chairman _____ Committee Countersigned and Approved _____ Secretary _____ Pres. of V. Pres. Gen. Exec. Council _____ ITEMS _____ _____ _____ _____ _____	Voucher No. _____ New York _____ 19__ No. _____ TREASURER THE AMERICAN BANKERS ASSOCIATION Fidelity Trust Company Tacoma, Wash. Pay to the order of _____ _____ Dollars \$ _____ in full payment of Voucher No. _____ _____ THE AMERICAN BANKERS ASSOCIATION Payable to National Bank of Commerce - New York New York N.Y. _____ Secretary
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

VOUCHER CHECKS

No. _____

Chatham, Ont.

_____ To

THE CANADIAN BANK OF COMMERCE

Pay to the order of _____

Name _____ To Dollars _____

Date of Bill	Particulars	Amount
	Total	

Received payment in full of above _____

in full payment of account herein shown.

1077.

[illegible]

157M.

VOUCHER CHECK

Form _____ JOHN DOE & CO. 999 Beekman St. New York (Advertising or display matter) Address of Payee _____	Statement of Account Duplicate	Voucher Series No. _____	Form _____ DISTRIBUTION	Statement of Account Series No. _____
Check below to be detached by payee		Address of Payee _____		
New York		JOHN DOE & COMPANY		
Pay to the order of _____ \$ _____ Dollars		Voucher in favor of _____ \$ _____ Dollars		
In full payment of account stated in Voucher of corresponding number, duplicate of which is rendered herewith.		<div style="display: flex; justify-content: space-between;"> Correct _____ Approved _____ </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> To the _____ By _____ </div>		
To the American Bankers Bank New York		JOHN DOE & CO By _____		

1079.

IF NOT COMPLETED, RETURN WITH OUT ALTERNATION AND SPECIFY DIFFERENCE.	VOUCHER CHECK	No. _____
	Pay to order of _____ \$ _____ _____ Dollars.	
RECEIVED the said stated in this voucher check in full payment of acct. entered on reverse.		
ENDORSEMENTS		

1006

SECTION I.

SALESMEN.

146. **Salesmen's Records**—Records of routes, calls, prospects, orders, sales.

147. **Salesmen's Route Maps**—

148. **Agents' Records**—Each traveling salesman has a regular route, and the map and tack system indicates the territory covered and the daily progress. The territory may be indicated by heavy black lines, or by cord fastened to the map by tacks. The progress is indicated by tacks of a different size or color. Where one map is used for the routes of several salesmen, a different colored tack should be provided for each salesman, as this will prevent confusion in case a salesman is sent into another man's territory.

149. **Salesmen's Calls**—This is a useful record, affording a satisfactory reference to the salesman's attention to the district in his charge. See Form . .

150. **Salesmen's Discontinuance Notice**—A notification of articles out of stock or the sale of which has been discontinued. Usually printed on postal cards.

151. **Salesmen's Prospects**—

152. **Salesmen's Follow-up**—

A card record containing information as to nature of prospect, date of calls, and date when next call should be made. Very useful for insurance agents. See Fire Insurance and Life Insurance for illustrations, also follow-up records.

153. **Salesmen's Report Register**—

154. **Salesmen's Daily Recapitulation**—

A summary of the daily calls and results reported by the salesmen to the head office.

155. **Salesmen's Daily Expense Report**—

156. **Salesmen's Daily Collection Report**—

A record of all traveling expense incurred, and collections made. See Forms.

157. **Salesmen's Summary**—A monthly recapitulation of traveling expense and sales effected.

158. **Salesmen's Order, Cost and Net Profit Record**—In some manufacturing businesses separate sales records are carried with each salesman, showing total cost of each sale and net profit.

Orders Through Traveling Salesmen. Do They Pay? The final object of every business enterprise is to make money, and to make money something must be sold at a profit. No matter what the nature of the enterprise, the measure of its success is SALES—a profit. It naturally follows that one of the most important functions of accounting is to properly record sales.

It's great to know the profits of each department, but if you are in a wholesale or manufacturing line there's a lot of satisfaction in knowing the profits from each territory—yes, from each town. Now, there is that town of Cherry Center. Brown makes it every three weeks to sell Jones, but it is off the main line, and he has to drive 14 miles—8 miles to get over there and 6 more to get to the next town. It costs him about \$5 extra every trip besides taking almost a day's time, when delays are considered. Is there really any profit in Jones' business?

Of course you have been selling Jones for five years and while his orders are not large you do not want to lose his trade. Besides, Cherry Center is really more convenient to Indianapolis and you have gloated a little over picking up a customer in the other fellow's territory—even if it did cost more to sell him. But if you were to figure it all out how much money do you make on Jones' business?

Suppose, just for your own satisfaction, you do a little figuring on this proposition. Analyze Jones' purchases for the last six months; take each invoice and put down opposite each article its exact cost as near as you can get it from your records; find out what the gross profit has been. Then get out Brown's expense accounts and see how much extra expense he has charged to Cherry Hill—don't include his dinner at the Eagle, for he would have to eat anyway. Add to this his salary for the time it has taken him to make the town and deduct the whole from the gross profit on Jones' business. Anything left? If there is, remember you have considered only the most obvious items of selling expense—nothing has been added to cover those selling expenses that may be termed general, such as advertising, shipping, etc., nothing for interest or general administrative expense. After all, is there any profit in Jones' business?

Perhaps there is some profit, but not as much as there should be considering the risk, and it may be that further study will show how it might be increased. Analyze Jones' account from another standpoint. What is the percentage of gross profit on each class of goods he buys? In other words, what does he buy; do the bulk of his orders call for low-priced staples or high-priced specialties; does he buy sugar or tea? Can he be sold enough more high-priced merchandise to make his trade worth while?

You have gone into Jones' case pretty thoroughly. Suppose you apply

similar tests to the business from a group of towns and to the business of one of your salesmen, so that you would know exactly what each produces—just as you know what Jones' business is worth to you. The figures would be interesting, to say the least, and you would very likely wonder what would be shown if the test were applied to all of your business. You would want to know what each salesman, each town and each customer is worth to you. If you found an unprofitable customer in Brown's territory you would get Brown on the carpet and tell him he must sell that customer more of the goods on which you make a good profit. If Jackson sells but one man in Forrestville where there are four possible customers, you would help him to figure out a way to get more trade and turn the town from a loser to a profit maker. The more you figured out these things the more strongly you would feel about net profit being the home plate; you would realize that volume does not count unless it contains a profit. Under ordinary circumstances a man does not make a home run on a three bagger.

But, you say, to do all this figuring and keep it up would require an army of clerks and I could not stand the expense. Of course not, if you feel that way about it, but your shrewdest competitors are doing this very thing! They are maintaining profit figuring, or cost, or statistical departments—whatever you choose to call them—and instead of an expense, they are finding them actual profit makers; they show just where the money is being made and who is making it. The reason why that St. Louis house is underselling you, right in your own territory, is that they know to a penny what it costs to sell goods in every town, and the profit on every order. If they do not find a way to make a town profitable they let the town go hang. When that Cleveland house fired Kemper—the fellow who sold more goods than any other man in that section,—you wondered why. The reason was that Kemper, while disposing of enormous quantities of merchandise, was not a profitable man; and because the house had a cost department which reported every fact of consequence, they knew exactly how far short of being a profitable man he was—and a competitor who "had no use for these new fangled ideas" thought he was getting a prize when he hired Kemper.

Neither the expense nor the amount of labor involved in obtaining exact commercial costs is as great as might be supposed. With a modern billing system an extra copy of the invoice is easily provided. This should be wider than the original invoice, with columns added for recording costs and gross profits. If the cost of goods purchased or manufactured—actual cost, including freight and handling—is carefully figured, and a proper record of these costs kept, it is but the work of a few minutes to determine the gross profit on each item of an invoice. From these figures all tabulations of sales and gross profits are easily made, as sales of a single

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SECTION II. ACCOUNTANTS' BUSINESS ACCOUNTING.

As referred to under the heading of Architect Business Accounting, separate accounts should be kept with each job or contract, and these accounts should be debited with all expenses incurred in connection with them. The actual profits or losses, can then be ascertained on each job or contract undertaken.

In some offices each accountant is furnished with a diary in which regular appointments are entered and in which particulars of time occupied are written.

AGRICULTURAL IMPLEMENT BUSINESS.—SPECIAL METHODS AND RECORDS.

Separate stores records for implements and extra parts.

Purchases are made by yearly contract with factories.

Careful attention is given to the financial status of regular customers, folders being provided for each arranged by states, where all information is filed.

A special ledger is provided for doubtful accounts, to each loose-leaf ledger page a record being attached as per Form 1.

Each implement is numbered and this number is recorded on the customers' ledger account. When extra parts are ordered they can be easily identified.

A comparative expense summary is found of great value to the management. See Form 2.

As long credit is given settlement is usually made by notes, these being available for discount.

DOUBTFUL ACCOUNT RECORD.

Name	Account No.....
Amount \$.....	When Due.....
Cause of Non-payment.....	
Sent to Collection Agency.....	Name.....
Sent to Attorney.....	Name.....
Judgment Obtained.....	
Memos	
.....	
.....	

COMPARATIVE EXPENSE RECORD									
	Adver. Trng	Salesmen's Salaries	Travelling Expense	Compt. Mission	Warehouse Wages	Office Salaries	Rent Insurance & Taxes	General Expense	etc
Jan. and Feb.									
March									
April									
May									
June									
July									
August									
September									
October									
November									
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Card Job Record

Job No.
 Owner
 Contractors
 Location of Building
 Style To cost \$..... Fees \$.....
 Plans and specifications delivered
 Accepted
 Work commenced Completed
 Certificates issued—Date Amount \$.....
 Date Amount \$.....
 Date Amount \$.....
 Date Amount \$.....

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ASSIGNEES', RECEIVERS' AND TRUSTEES' ACCOUNTS.

The accounts required by law are of the same kind in each case, consisting of a detailed account of realization, expenditures and fees deducted.

In these accounts the assignee, receiver or trustee is debited with all receipts and credited with all expenditures.

Dividends are distributed to creditors whose claims have been duly proved and accepted.

ATTORNEYS' RECORDS.

As in the case of Accountants and Architects separate accounts should be carried with all cases undertaken and with all clients for whom services are performed, except in cash payments for consultations.

Each attorney and assistant should keep a record of time occupied specifying nature of such occupation. This time is then distributed by journal entry, salary account being credited.

Revenues are distributed over consultation, income from retainers, trial fees, these accounts corresponding with the sales distribution of a department store.

Card ticklers or diaries are used for recording appointments, documents to be drawn, filed, etc., dates of trials.

AUCTIONEERS' RECORDS.

A separate account should be carried with each client and each auction sale, also with each buyer who does not pay cash on receipt of the article purchased.

A copy of the sales catalog is pasted in a blank book or record containing marginal columns for name and address of customer, amount of purchase and amount of deposit.

The Auction Sale account will be debited with all expenditures, time occupied, commissions, etc.

The client is credited with total realization from sale and debited with total charges and cash in payment of balance.

AUTOMOBILE AND MOTOR MANUFACTURING BUSINESS— SPECIAL METHODS AND RECORDS.

To a considerable extent the detail of manufacture of automobiles, motor cars and carriages, is similar so far as the various stock parts are concerned, the manufacture of motors being an entirely separate department.

Separate accounts should be carried with each style and size of car manufactured. Standard units will be established for each part and for the complete car.

Purchases and stores records are treated in the usual manner.

Sub-shop orders are issued to different departments such as Stock Parts, Paint Shop, Assembling Shop, Repairs.

The pay-roll is distributed as follows:

Victor II.

- Stock parts
- Accessories
- Painting
- Assembling
- Testing.
- Repairs
- Maintenance
- Expense

The Shop Inspector's report is an essential record as, after it has been duly o. k'd by the inspector, it is signed by the customer as acknowledgment that the car is satisfactory.

It is usual to make a cost summary of each job at its conclusion, but a good method is to provide a blank with numerous columns in which to enter the hours of each workman on each job each day, a separate blank being used, of course, for each job. This is an excellent plan as it makes a permanent record of cost of work in process.

AXLE MANUFACTURING BUSINESS—ITEMS OF COST.

The principal constituents of cost consist of wood, steel, nuts, washers, supplies, piece-work labor, machine repairs, heat, light and power, shop expense.

BAKERY BUSINESS ACCOUNTING. CONFECTIONERY BUSINESS ACCOUNTING. SPECIAL METHODS AND RECORDS.

This usually combines manufacturing, wholesale and retail transactions.

The manufacturing records are arranged in a similar way to those

devised for the ice-cream business. Certain standard costs are established and a prescribed quantity of output is required each day. Daily production reports are therefore made and compared with standards and required output.

Specified lists or tables of necessary ingredients are prepared and issued to the foremen, who issue requisitions to the storekeeper. The output being perishable, only sufficient is manufactured to supply estimated demands.

The usual purchase, stores and cost records are carried (unnecessary to repeat).

The wholesale records are of the usual description.

The retail department includes drivers' records, which are fully explained and illustrated under the heading of Retail Business Accounting and Ice Cream Business Accounting.

The sales and receipts from customers are generally sectionalized into wholesale, store, drivers; separate sales record and cash book columns being provided for this purpose. Sub-sectionalization will be provided for kinds of product sold as may be deemed desirable.

A comparative periodical statement is essential for the information of the business manager and may be arranged as per illustration; showing earnings of each department. General Expense in this kind of business may be pro-rated over total sales and divided by departmental sales.

SNAP SHOTS FOR THE BUSINESS WORLD.

SALESMAN'S RECORDS.

In large wholesale stores it is very essential to keep track of each salesman's work—city or country—so that progress or retrogression may be immediately recognized by means of comparative statistics.

A method to be recommended is to sectionalize the sales ledgers by salesmen's territories, carrying a controlling account in the general ledger with each territorial ledger. These controlling accounts will exhibit gross and net sales, and total of outstanding accounts unpaid in each ledger.

For each territory carry a summary sheet, such as described under the heading of "Book Inventories and Profits" (see index), which will exhibit at any time referred to:

Day	Month	Current	Returns &	Net	Cost of	Gross	Net Sales	Gross
	of	Sales	All'ces	Sales	Sales	Profit	1909	Profit, 1909

BEET SUGAR MANUFACTURING BUSINESS. ITEMS OF COST.

The principal constituents of cost consist of beets received and sliced (tons); sugars obtained and packed (lbs.); sugar losses in process of manufacture; coal, coke and limestone used; labor, kiln and manufacturing expense.

Comparative statements record percentage of sugar per ton and purity, and the items generally included in such statistics.

BICYCLE MANUFACTURING BUSINESS. SPECIAL METHODS AND RECORDS.

The principal details of a cost system for this business consist of material, bar steel, steel wire, enamel.

These are manufactured into spokes, rims, cranks, gears, frames, chains. Finished parts are purchased outside, such as handle bars, saddles, tires.

Standard schedules should be established for each part manufactured for each style, and a daily comparison made to detect and investigate variations. A good plan is to provide a chart for each style and size containing particulars as to each part required.

In a large business, where quantities of parts are made for stock in advance of orders received, sub-shop orders should be issued to department foremen, these being afterwards distributed on general cost cards in order to check the total cost units. See Forms 1 and 2.

This requires a raw material inventory, a finished part inventory, and a finished bicycle inventory, these being arranged in the usual card style. Different colored requisitions for raw material and finished part inventory would be advantageous.

Purchase and labor records are provided in regular styles.

Factory expense is distributed over productive labor.

The monthly cost summary may be arranged to include percentages of selling and general office expense, selling price and net profit per wheel and per total of completed wheels.

The cost of work in progress may be easily obtained at any time.

Cost Card of Completed Wheels.

Order No.	Style No.	Date.
Material		\$.....
Purchased parts		
Labor		
Sundries		
Assembling		
Factory Expense		
Total Cost		\$.....
Wheel unit		
Standard unit		

BLANK BOOK MANUFACTURING. SPECIAL METHODS AND RECORDS.

The principal details of a cost system consist of paper, ruling, printing, folding, sewing, forwarding, stitching, numbering, repairing covers, binding, lettering or stamping.

For combination material and work tickets and cost record see Printing Business Records.

BOTTLING WORKS—SPECIAL METHODS AND RECORDS.
Container Record.

The value of cases and bottles shipped to customers is great, and as customers are by no means impressed with the importance of returning them it is very necessary to keep a strict account. In some businesses, containers are charged in the bill and customers are expected to pay for those not returned.

A good plan is to make duplicate cards for cases and bottles shipped to each customer, one card being placed in a waiting file and the other in a container disbursed and on hand file. The latter gives quantity of different kinds of containers on hand and the former is useful for following up delayed returns.

The cost records are of the customary order, cost of material and supplies, labor and factory expense.

A comparative monthly statement may be carried, showing clearly increase or decrease, on the basis of total output, of manufacturing, selling and general expense.

As a loss to be expected in connection with cases and bottles, it is wise to establish a reserve from profits to cover same.

BOX MANUFACTURING BUSINESS—SPECIAL METHODS AND RECORDS.

The principal details of a cost system for this business consist of: Material and supplies, lumber, muslin, various linings, glue, varnish, nails, hinges, labels, bands.

Labor operations—Sawing, framing, trimming, sanding, varnishing, hinging, edging, lining.

Regular forms of voucher record, material and labor records are satisfactory.

Labor is performed mostly on the piece-work plan.

A special production order is illustrated, showing dimensions, style, etc., to be followed in process of manufacture. Each shop order should be numbered and a sample box stored, with shop order number attached thereto, for reference when repeat orders are received.

Boxes.**Shop Order,**

Order No.	Date.....	19.....
Kind	Date reg'd.....	19.....
Quantity.....	Length.....	Width..... Depth.....
Thickness.....	Ends.....	Sides..... Top..... Bottom.....
Dressed or Rough.....	Tongued.....	Grooved.....
Edging.....	Lining.....	Hinges.....
Labels		
Remarks		

1003

BREWERY BUSINESS.

The principal details included in Trading, Profit and Loss Accounts, and Comparative Statements are as follows:

Materials—Malt, hops, corn, rice, sundries.

Wages—Labor, brewmaster, engineer and firemen, sundries.

Manufacturing Expense—Fuel, water, supplies, revenue stamps, general.

Selling Expense—Advertising, commissions, donations, stable, drivers, repairs, freight and express.

Collection Expense—Salaries, general expense, supplies.

Maintenance Expense—Buildings, plant, kegs, etc., saloon fixtures and signs.

Management Expense—Rents, taxes, licenses, insurance, depreciation, bad debts, interest and discount, salaries, general expense.

BRICK MANUFACTURING BUSINESS.—SPECIAL METHODS AND RECORDS.

The principal details of a cost system for this business are along the same lines as those described under the headings of cement and concrete.

Brick are made of clay moulded and burned to consistency in kilns.

Material consists of clay dug from the clay-beds, wood and coal for the kilns, supplies.

Direct labor consists of time employed in digging and hauling, manufacturing green bricks, blocks, tiles, burning.

Expense consists of indirect labor, maintenance, etc., distributed over cost of production.

Stores records of clay, green product, finished product, wood and coal are maintained in the usual way. The clay record shows delivery to green brick, block and tile foremen; the green product record shows delivery to kilns; the finished product record.

The cost of production of each operation is kept separately and debited to separate accounts in the general ledger. Separate records are also kept of the output of each kiln.

Manufacturing Account.

Bricks.

Dr.	
Inventory Feb. 1.....	\$.....
Clay (yards)
Manufacture of green product..
Kiln wages
Wood
Coal
Supplies
General Expense
	<hr/>
Total cost to Trading Acct.....	\$.....
	<hr/>

Trading Account.

Dr.	
Inventory completed product	
Feb. 1	\$.....
Total cost from Manfg. Acct...
	<hr/>
Less	
Inventory completed product	
Feb. 28
	<hr/>
Selling Expense
Gross Profit
	<hr/>
	\$.....
Cr.	
Total sales	\$.....
	<hr/>
	\$.....

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These separate manufacturing and trading accounts are periodically assembled into general accounts.

The cost of clay is based on estimated value and life of clay-beds.

See "Wasting Assets" as to diminishing clay-beds.

A monthly summary sheet is illustrated.

BUSINESS COLLEGE RECORD.

We illustrate a form of Students' Record which can be adapted to any class of instruction.

CARRIAGE MANUFACTURING BUSINESS.

In this business standard styles and parts are adopted and standard costs established; labor is principally piece work.

The details of manufacturing cost consist of material: Axles, axle nuts, body frame, body loops, top frame, top bows, top covers, top linings, back, seats, seat ends, seat trimmings, cushions, springs, spring bars, steps, poles, shafts, shaft couplings, shaft leather, dash, boot, gear, front wheels, hind wheels, tread, tires, body paint, stripe paint, varnish, enamel, carpet, mountings.

The shop order will contain instructions as to

Style No. or name of carriage ordered

Width of track

Style of wheel

Color of body paint

Color of stripe paint

Style of top

Style of seat trimmings

Kind of cushions

Grade and style of carpet

For general principle of cost records, see Automobile Manufacturing Business.

CEMENT MANUFACTURING BUSINESS.—SPECIAL METHODS AND RECORDS.

Cement is a composition of limestone rock and shale reduced to a powder.

The cost unit is per barrel.

The operations consist of quarrying, crushing, drying, weighing, grinding, burning.

The labor is recorded separately on each operation, thus obtaining prime cost. It is paid for at hourly rates.

Manufacturing, selling and general expense are treated in the usual way, the former being prorated over productive labor and consisting of power, fuel, lubricants, maintenance of and repairs to equipment, teaming, stable expense, etc.

The cost statements of the operating departments are assembled in a cost summary as per illustration.

CHURCH MEMBERSHIP RECORD.

The card system is well adapted to this kind of record and will always contain the list of actual members, the cards of those who have removed or died being removed.

The form illustrated may be adapted to meet any requirements.

COST SUMMARY

[illegible]

1607

Names	Born	Baptized	Confirmation	First Com.	Church Relation	Interested in	Remarks
Parents							
Children							
1							
2							
3							
4							
5							

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**CLOTHING MANUFACTURING, WHOLESALE AND RETAIL
BUSINESS. CLOAK MANUFACTURING, WHOLESALE AND
RETAIL BUSINESS. DRESSMAKING BUSINESS.
MILLINERY BUSINESS.**

Special Methods and Records.

A cost system for this kind of business involves an infinity of detail, both in standard and special styles and sizes, the same operation being necessary in both cases.

Purchase Records—Usual Style.

Stock Records—Separate for material, and garments purchased complete or manufactured. See Forms 1 and 2.

Manufacturing Records—A shop order is issued for each lot required, giving full directions as to size and style. Standard costs are established and compared with actual costs.

Labor is paid for at piece-work rates, and duplicate tickets are issued, original to operator, duplicate retained in office, a tracer file being used for out-of-door work. The finished parts, or garments, are handed to the inspector for o. k., after which the tickets may be presented for payment, or handed in at the office to be included in pay roll. See Form 3.

A copy of card sales order is held in the shipping room, and as each kind of garments entered on the order is received they are placed in a rack reserved for that particular order, where they are held until the completed order is ready for shipment.

Form 4 is an illustration of Cost Summary.

In retail establishments clothes are altered to suit the customers' requirements. For this department busheling tickets are provided on which are entered nature of alterations to be made and particulars. See Form 5.

Clothing.

Form 3—Duplicate Manufacturing Ticket.

Date
Style No.
Operation
Quantity
Required
Received by

1101

In a large New York establishment (manufacturing, wholesale and retail) the elements of productive cost are sectionalized as follows:

Material—

Labor—Cutting, Operating, Finishing, Pressing,
Fitting;

Expense—Proportion of designing, Proportion of
altering, Proportion of overhead.

STORES RECORD - MATERIAL

Date		Description	Purchase Order No.	Quantity Received	Date		Cutter Ticket No.	Quantity Delivered	On Hand

1009

STORES RECORD - COMPLETED GARMENTS

Date		Received from	Lot No.	Quantities			Quantities Sold				On Hand
				Cnts	Pants	Vests	Date	Cnts	Pants	Vests	

1100

BUSHELING TICKET

Date _____

Salesman _____

Customer _____

Address _____

Remarks _____

Marked by		Busheiling		Time	
COAT LOT		VEST LOT		TROUSERS LOT	
Enlarge armhole		Enlarge armhole		Lengthen	
Shorten sleeves		Let out breast		Shorten	
Let out breast		waist		Reduce waist	
hip		shoulder		Let out	
skirt		Reduce breast		short	
Lower collar		waist		Reduce skirt	
Raise "		width of shoulder		leg	
Raise and shorten collar		Shorten collar		Let out leg	
Shrink collar		neck		Reduce bottom	
Shorten "		shoulder		Let out	
End shoulders		Lengthen back		Reduce crotch	
Reduce breast		vest		Let out	
waist		Shorten back		Belt straps	
skirt		vest		Turn up bottoms	
shoulders		Lower and button		Lower waist	
center of back		Change pocket		Change dress	
blinds		inside		pockets	
Crook shoulder		Move buttons		Extra pocket	
Straighten		Cut over		Flaps on pockets	
Deep back		Lower collar		Buttons	
Longer "		V out of front		Shorten over front	
Shorten coat		Open side vents		Extra dress	
Drop sleeve				Shorten gassing	
Move buttons				Cut over	
Raise sleeve					
Lengthen sleeves					
Main cloth in front					
Fullness out of sleeve					

Extra goods _____

Passed by _____

Packed by _____

Date wanted _____

Time wanted _____

Delivery _____

CLUB OR SOCIETY ACCOUNTING.—SPECIAL METHODS AND RECORDS.

In most clubs and societies the principal detail to be looked after is the membership records, and restaurant cost, expense and profit.

Ordinary ledger accounts with members, and journal entries for dues and fees have been long discontinued and the system herein described is in general use.

COMBINATION MEMBERSHIP RECORD AND LEDGER.

This is arranged on a card system, a separate card for each member. The top of the card is used to record details as to name, address, occupation, nationality, etc., etc., and the rest of the card (front and back) is the ledger account as per Form 1.

It is customary for all annual dues to fall payable on the same date, and the card should therefore have printed months from January to December, the debits being entered at the commencement of each month or year, the credit being to membership account in the general ledger, which is equivalent to a sales account in ordinary commercial businesses.

A Dues Controlling account is carried in the general ledger for each month or year. This is useful in showing arrears for each month or year and actual revenues from dues, arrears collected in subsequent months or years being credited to the Dues account to which it belongs. Separate columns are carried in cash book for current dues and arrears, the former being credited to Dues Controlling account in monthly total, while arrears receipts are credited to previous Dues Controlling accounts by items.

Entrance or initiation fees being paid in advance are not debited and credited to members' accounts. Fines are debited by journal entry.

At the end of each month a summary is made (Form 2) showing total new members (a check on entrance fees credited), total dues, fees and fines received, and arrears.

The general ledger will contain the following accounts:

Dues Controlling Account (current year)

Debited with total dues charged, as per summary, credited with receipts and dues cancelled.

Membership Account.

Credited with current dues; debited with dues cancelled.

Entrance Account.

Credited with total monthly receipts.

Fines Account.

Credited with total monthly receipts.

Membership, entrance fees and fines accounts are closed into Profit and Loss at the end of each year.

Many clubs adopt the tabular ledger plan. See Form 3.

Separate columns should be used on members' ledger cards and cash book to record charges for restaurant, cigars, liquor, etc. See Form 1. Supplies should be sectionalized so as to intelligently exhibit actual cost, expense and profit made or loss sustained in each department.

The trading account will be arranged as follows:

Restaurant	
Dr.	Cr.
Inventory Sept. 1.	Cash Receipts
Purchases	Monthly Charges
Bar and cigar transfers	Inventory Sept. 30
Wages	
General Expense	
Net Profit	
<hr/>	
Bar	
Inventory Sept. 1	Cash receipts
Purchases	Restaurant charges
Wages	Inventory Sept. 30
General Expense	
Net Profit	
<hr/>	

1104

Similar accounts with Cigar and Billiard departments.

The Profit and Loss account will show as follows:

Dr.	Cr.
Salaries	Membership dues
Janitor	Membership fees
Toilet supplies	Membership fines
Heat and light	Restaurant
Stationery and supplies	Bar
General Expense	Cigars
Repairs	Billiards
Depreciation	Sundries
Net Profit	
<hr/>	

1105

In order to keep check on restaurant supplies purchased and used and detect or prevent waste or theft, a daily comparative statement should be used, showing quantities and values purchased and sold and average cost per meal where regular meals are served. This, of course, involves the provision of a regular purchase record with distribution columns.

MONTHLY SUMMARY													
Month	No. New Members	Entrance Fees		Received		Dues		Received		Fines	Received		Total Unpaid

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COLLEGE CLUB JOURNAL													
Date	No.	Name	Bar		Restaurant		Library		Fines	Sundries		Total	

1109

COMMISSION, CONSIGNMENT AND BROKERAGE.

COMMISSION.—A fluctuating salary paid a sales agent computed on amount of sales made, and therefore dependent on value of business transacted. Piece-work remuneration and premiums are, therefore, in the nature of commissions although not usually so defined.

COMMISSION PRODUCE ACCOUNTING.—This includes three kinds of records:

- a. Accounts with Consignors
- b. Account Sales to Consignors
- c. Accounts with Customers.

ACCOUNTS WITH CONSIGNORS.—These are memorandum Purchase accounts, the consignors being credited in the Purchase ledger only as sales are made. They may be made on loose-leaves kept in a current binder and ruled to exhibit quantities of each consignment received and quantities sold. Each day the sales are posted from this record to the credit of consignors' ledger accounts and to the debit of Customers' ledger accounts. As each consignment is disposed of the memorandum purchase account is filed with bill attached. See Form 1.

Each consignment should be given a serial number which should be entered on both memorandum Purchase accounts and bills to customers.

The headings of Distribution columns are left vacant to be filled in according to the nature of the business and increased in number as necessary. The totals may be posted at end of each week or on completion of sale.

The consignment Dr. columns may be increased as required.

Cash sales will be entered from the cash book, or cash tickets, a check mark being made in the folio column.

The record as arranged will contain a complete history of each transaction.

CONSIGNORS' LEDGER ACCOUNTS—Form 2 is an illustration of account with postings from memorandum Purchase account and journal, cash book, cross-entry journal.

CONSIGNORS' ACCOUNT SALES.—This is made up from the memorandum Purchase account and Journal. See Form 3.

ACCOUNTS WITH CUSTOMERS.—These consist of bill and ledger account. The bill may be made in duplicate, original going to customer and duplicate to book-keeper for posting purposes. If this method is

adopted, the sales distribution in memorandum purchase and journal will be used for obtaining totals to be posted to general ledger sales accounts.

DAILY SALES SUMMARY.—Form 4 illustrates a record in which are assembled daily sales totals of the various commodities sold as recapitulated from the memorandum Purchase accounts. This recapitulation should be made by adding machine which automatically furnishes the totals. The grand totals at the close of each month are credited to the various sales accounts carried in the general ledger, a separate account of each kind of commodity sold.

BRANCH HOUSE REPORTS.—Form 5 illustrates the daily report of a branch which sells at ordinary credit and on consignment. The credit sales are billed by the branch, but the accounts with customers are kept in main office ledger and collections made from there. All invoices in respect of consignments forwarded to branch houses are o. k.'d by branch managers and forwarded to main office for payment. This method permits the main office to keep a book inventory of stock consigned to, sold, and on hand at each branch.

O. k.'d invoices and duplicate sales tickets should accompany the report.

A separate list of shrinkages may be made and freight will be noted and commissions calculated at the main office.

SHRINKAGE.—A separate Shrinkage account should be carried for each commodity dealt with, showing lot quantities received as well as shrinkage for comparative purposes

These accounts are credited with any amounts realized from the sale of feathers, eggs unfit for consumption, etc., and the balance included in the Trading account.

STOCK RECORD.—This is amply taken care of by Forms 1 and 5, and "Balance on Hand" columns may be provided if desired.

TRADING ACCOUNT.—Each memorandum Purchase account and Journal contains the elements of a trading account for the lots therein contained as shown hereunder:

Dr.	Cr.
Purchases	Sales\$.....
Freight	
Shrinkage	
Packages	
Proportion of Labor.....	
Commission	

Gross Profit	_____
\$.....	\$.....

PROFIT AND LOSS ACCOUNT.

In this account should be assembled the net profits made on each commodity transferred from the trading accounts. The proportion of labor included in the trading account is that involved in receiving, unpacking, egg candling, crating, shipping, but in most commission houses it is not considered worth the trouble to make this distribution.

Dr.		Cr.	
Salaries	\$.....	Apples—Net Profit	\$.....
Delivery Expense		Oranges—Net Profit	
Stationery and Printing		Lemons—Net Profit	\$.....
Discount		Eggs—Net Profit	
Interest		Poultry—Net Profit
Bad Debts			_____
General Expense			\$.....
Net Profit	_____		
\$.....			

1111

CONSIGNMENT RECORDS.—In the wholesale Fruit Business a record is kept containing the following headings:

Consignments and Storage

Date	Weight
Lot No.	Room Stored
Warehouse Receipt	Storage Rate
Description	Storage to
Tubs	Amount
Boxes	Invoice No.
Cases	Brand
	Car No.
	Remarks
Storage to Store	Lot No.
	Delivered to
	Date
	Packages
	Weight

1112

GRAIN BUSINESS.

Consignments	Date
	Consignor
	R. R. Station
	Kind of Grain
	Grade
Sales	Sold to
	Car
	Initial
	Bushels
	Price
	Amount
	Freight
	Commission
	Expense
	Net Proceeds

1113

Agent's Commission.—

Salesmen's Commission.—

It is important to keep careful track of these commissions where sales are made on credit and to provide for reserving against bad debts, deductions, cancelled orders, etc.

It is usual, particularly in the instalment business, to advance a certain amount per week to the salesman, charging this to his commission account, and paying the balance when the customer pays his account.

A good plan is to carry a memorandum commission account with each salesman (see Form 6) to which total commissions on orders are credited, and weekly advance debited. To this account is also debited cash payment of balances due as customers' remittances are received.

The regular salesman's account in the general ledger will then contain only the cash payments, the totals of which are charged to Commission Account at the end of each year.

BROKERAGE BUSINESS ACCOUNTING.

SPECIAL METHODS AND RECORDS.

This includes future contract brokerage in various classes of product, such as cotton, grain, coffee, sugar, etc.

The profits or losses depend upon fluctuations of value, and the records must show that

Amounts received from brokers
Amounts paid to brokers

agree with

Amounts credited to customers, less commission
Amounts charged to customers

Separate accounts must therefore be carried with each option, the contracts calling for receipt or delivery of certain quantities of commodities at a given date or price.

The customers' option ledger contains a record of contracts bought and sold and settlements.

The customers General Ledger contains the cash debits and credits.

The Brokers' Ledger is arranged to show purchases and settlements.

As each settlement is effected the customer receives a statement of purchases and sales showing net profit or loss on the transactions.

[illegible]

1120

[illegible]

1101

BROKERS OPEN CONTRACT LEDGER

Name _____

Date Bought	Price		Ring Names	Date Sold	Price		Ring Names	Debit	Credit

1122

CUSTOMERS CONTRACT LEDGER

BOUGHT						SOLD					
Date Bought		Price		Date Sold		Date Sold		Price		Date Bought	

1123

CONCRETE BUILDING BUSINESS—SPECIAL METHODS AND RECORDS.

This business consists of the manufacture of bricks or blocks for building purposes.

The purchases include sand and cement.

The labor is distributed over unloading, mixing, reloading and carting.

Separate records are carried with bricks and blocks, and separate material accounts with sand and cement.

Regular production orders are issued, and the material record consists of a number of bags of cement and sand placed in the mixer.

A workman's time slip is provided by the foreman for each job or order, so that all records relating to one job are kept together.

Manufacturing expense includes unloading, yard, repair and miscellaneous labor, power, heat, and light, superintendence, depreciation.

Selling expense consists of advertising, traveling salesmen's salaries and expense, reloading, carting, percentage of stable expense.

Where the sale of sand and cement is transacted as a side line, the trading account must be accordingly sectionalized.

Manufacturing Account	
Inventory Jan. 1st	Total cost to Trading Acct. \$
Purchases	\$
Cement	
Sand	
In-freight	
Labor	
Mfg. expense	
	<hr/>
	\$ 1124

Trading Account	
Dr.	Cr.
Balance from Mfg. Acct.	Sales—blocks \$
Inventory Jan. 1st	Sales—bricks
Finished blocks \$	Sales—cement
Finished bricks	Sales—sand
Labor direct	Inventory Jan. 31st
Labor indirect	Finished blocks
Mfg. expense	Finished bricks
Selling expense as per schedule	
Gross profit to P. & L. acct.	
	<hr/>

CONTRACTORS BUSINESS ACCOUNTING. BUILDING CONTRACTORS' BUSINESS ACCOUNTING. SPECIAL METHODS AND RECORDS.

The methods used by contractors center in the contract estimates and records and their comparison, the general principles being similar to those found in the printing business.

The general details comprise material, special plant purchased for job, supplies, labor, direct expense, general expense.

Separate accounts are kept with each contract showing profit or loss on each.

Material and labor records may be kept on the shop order given to the foremen for ordinary jobs. For large contracts, extending over long periods, material and labor records similar to those used in manufacturing businesses may be carried, and purchase record and cash book should be provided with special large contract columns. This is arranged for by ruling a certain number of columns with blank headings to be filled in as required.

The labor is distributed over a special pay roll book, the totals of columns being debited to accounts in contract ledger.

A ledger account is kept with each contract and a contract controlling account is carried in the general ledger. Subsidiary accounts should be carried with Contract Extras so that original statistics will not be interfered with.

Estimates.

These are made with exact attention to detail as to the different kinds of work to be performed, with added percentage of general expense carefully computed.

Estimates and Shop Orders.

May be combined on one form as per illustration (Form 1) made in triplicate; one copy to prospective contractee; one copy to general superintendent; one copy retained at office. On large contracts sub-shop orders will be issued to foremen in charge of different kinds of work.

Labor Records.

Form 2 illustrates foremen's daily report of work performed.

Form 3 illustrates payroll with contract distribution.

Form 4 illustrates cost summary exhibiting work completed and in progress for each month, permitting monthly financial statistics to be obtained.

UNCOMPLETED CONTRACTS.

In making balance sheet and profit and loss account it is correct to include proportion of profit earned on amount of work completed, but this should be listed separately so that the figures may not be misleading. Excessive costs over estimates will be detected by the daily reports.

CONTRACT ACCOUNTS.

The contract ledger contains accounts with contracts—debited with all cost and credited with contract price on completion of contract.

The customers' ledger contains accounts with contractees, debited with price of contract on completion, or with portions of price collected on architects certificates. These accounts, therefore, do not exhibit unearned profits when recapitulated for the balance sheet.

The accounts carried in the general ledger are as follows:

Contract Sales Account.

Contractees Ledger Controlling Accounts.

Material and Labor Accounts.

Debit material accounts with material purchased and credit accounts payable.

Debit Labor accounts with total wages paid and credit cash.

Debit Contract Ledger accounts with material used and credit Material accounts. This will show value of material accounted for as used and inventory which should be on hand.

Debit Contract Ledger accounts with distribution from pay-roll and credit Labor account. This will show labor accounted for and idle.

Plant record will show value of plant purchased, on hand and in use on jobs.

Debit Contractees Ledger accounts with prices of completed contracts and credit Contract Sales accounts. Credit these accounts with receipts from contractees and debit cash.

Debit Contractors Ledger Controlling account with total monthly contractor charges and credit with total monthly receipts. The balance of this account must agree with recapitulation of individual balances from Contractees Ledger accounts.

As a memorandum contract price may be entered on the credit side of the Contract Ledger account, thus showing gross profit made on each contract for convenience in making up cost summaries.

PAY ROLL AND CONTRACT DISTRIBUTION

Week Ending	Names	Nos	HOURS					Total Hrs.	Rate	Amount	CONTRACT DISTRIBUTION							
			M	T	W	T	F	S			215	216	217	218	219	220	221	222

1128

MONTHLY COST SUMMARY

Month	Contract No.	Material	Plant	Labor	Direct Exp.	General Exp.	Total Cost	Estimated Cost	Contract Price	Profit Loss	Work in Progress					
											Material	Plant	Labor	Direct Exp.	Gen. Exp.	Total Cost to Date

1129

FARM ACCOUNTING.

It is quite possible to sectionalize the farm industry and ascertain profits or losses made by each set of transactions, but the average farmer does not run much to analysis and is not in love with clerical work.

He should, however, be glad to know how to ascertain with the least possible trouble what he makes on his principal products and to keep a check on his expenses.

Let us suppose, for example, that he breeds live stock for sale, and for the production of eggs and milk, grows vegetables and wheat. These should be considered as departments, each charged with cost and expense and credited with sales, the balance showing profit or loss. The best way to explain the general scheme is to illustrate one or two Farm Trading accounts.

Wheat Trading Account—Unit per Acre.

Dr.		Cr.	
Grain	\$	Sales	\$
Fertilizer		Farm use	
Labor (sectionalized)		(inc. on hand)	
Stable expense			
Repairs to machinery			
Depreciation			
Percentage general expenses			
Net profit			
	\$		\$

Cows Trading Account

Dr.		Cr.	
Inventory Jan. 1st		Stock sold	
Purchases		Milk and cream sold	
Feed		Butter sales	
(actual and estimated)		Inventory Dec. 31st	
Milking and dairy			
Stable expense			
Percentage general expense			
Losses			
Net profit			

1133

The raising of vegetables may be sectionalized as much as found desirable.

In order to obtain these statistics it is necessary to keep an itemized record of sales, and general expense may be distributed over sales.

This plan requires purchase and sales records and cash book provided with necessary columns for distribution to trading accounts as may be needed.

FLOUR MILL ACCOUNTING.

Special Methods and Records.

Material purchased consists of wheat, oats, corn, etc.

Some mills carry their own elevators. In other cases elevators are run independently and transact business with mills under contract.

Form 1 illustrates a Car Received Record.

Form 2 is the very essential Daily Mill Report showing quantities of production grades, etc.

In a business of this kind numerous purchases are made direct from farmers, and as invoices are rarely received, credit slips are issued, the original being handed to the farmer and the duplicate constituting the purchase invoice for office record.

Most country mills also deal in the purchase and sale of beans, seeds, hay, etc. These commodities are treated as separate departments, separate accounts being carried with purchases and sales and separate columns provided in purchase and sales records, cash book and journal.

Purchases and sales are frequently transacted with the same party. One method of dealing with this difficulty is to provide a special column in both sales and purchase records in which to distinguish transactions of this kind. One ledger account may then be carried as a jobbing account with each individual and at the close of each month the proof of agreement between purchase ledger and purchasing controlling account is obtained by deducting total of special column in purchase record referred from total Controlling account credits.

Example:

PURCHASE LEDGER CONTROLLING ACCOUNT.			
	Debits	Credits	Balance
Journal.....	\$ 255.00	P/R \$3,875.00	
Cash.....	1,958.00		\$1,662.00
INDIVIDUAL PURCHASE LEDGER.			
RECAPITULATION.			
Total Debits....	\$2,213.00	Total Credits....	\$3,216.00
Add purchases credited to customers' accounts....			659.00
			<u>\$1,662.00</u>

Form 3 is a Daily Sales Record with distribution columns provided so that a trading account may be carried with each kind of product manufactured. This will, of course, be varied to suit the individual requirements of each mill.

Pro. No.		MEMORANDUM OF GOODS RECEIVED ONLY.		SHIPPED BY	
Place	Date Shipped	Date Placed	Date Unloaded	Initial	Am't Invoice, \$
Rate 0-1000				" Cost, - \$	
Car No.	Shipper's Weight				
Kind	Railroad				
	Our				
	Page No.			F. O. B.	
Where Billed					
Credit No.					
Date credited					
					WEIGHTS BY DRAUGHTS.

Form 1-1134

DAILY MILL REPORT		
Yield	Total Hours	Hours Lost
Cause of Shut Down		
GROUND	MANUFACTURED	
According to automatic scale	Carroll Stone	
	Phoenix	
Weight figured back	Occident	
	Diamond	
Screenings	Golden Leaf	
	Ceresota	
BRAN AND MIDDINGS		
Bran		
Middlings		
Total		
Rye Flour	Wagon	
Buckwheat Flour	Ground Wheat	
Phoenix Pancake	Dairy Feed	
Diamond	Chick Feed	
Fine Meal	Stock Feed	
	Cracked Corn	
	Coarse Corn Meal	
	Ground Oats	
Grist		

Form 2-1135

FOUNDRY COST ACCOUNTING.—SPECIAL METHODS AND RECORDS.

This line of manufacture consists in the production of castings, the lb. being the unit. The principal items of cost consist of:

Pig iron
Scrap
Coke
Marble
Sand
Clay
Fuel
Patterns

which constitute the furnace "charge," this charge being "prescribed" by a formula established to obtain the desired results.

"Scrap" includes condemned castings and bought from outside parties.

The furnaces are designated as cupolas, the output of each cupola having a separate record as per Form 1.

Cupola Record

	19...
Cupola No.	
Heat No.	
Charge No.	
Pig iron	
1st marble	
2d marble	
Scrap	
Sprues	
Bad casting	
Yard Scrap	
Sand	
Clay	
Brick	
Mortar	

1157

Labor is distributed over moulding and core machinery and paid for on a piece-work basis.

Expense includes cupola labor, miscellaneous labor, limestone, fire-brick, stable expense, power, light and heat, repairs, etc.

Form 3 is moulders piece-work record.

Form 4 is broken castings report.

Form 5 is daily foundry report.

Form 6 is monthly castings production report.

Form 7 is a brass foundry time ticket.

Form 8 is a brass foundry casting record.

Form 9 is a very comprehensive monthly foundry operation report.

The cupola charges are made according to prescribed formulas, each charge, for example, containing a certain proportion of manganese, graphite carbon, silicon, combined carbon, phosphorus, sulphur.

The car-loads of pig iron are unloaded in separate heaps properly labeled.

Samples of each car are analyzed on arrival and a copy of the analysis handed to the cupola foreman whose duty it is to regulate the cupola charges.

RECORD OF DISPOSITION OF CONTENTS OF EACH CAR			
CAR NO.			
ANALYSIS			
1.	Si	Iron	
2.	Mn	Manganese	
3.	C	Graphite Carbon	
4.	C	Combined Carbon	
5.	P	Phosphorus	
6.	S	Sulphur	
7.	A	Ash	
DATE	CONSIGNOR		INVOICE WT.
DATE	USED	CHARGED IN CUPOLA	BALANCE

DAILY CASTINGS REPORT

[illegible]

Form 5-1141

MONTHLY CASTINGS PRODUCTION REPORT

[illegible]

Form 6-1142

MONTHLY FOUNDRY OPERATION REPORT

Month of _____ 19__

CHARGES		Pounds	Price	Amount	% Gross Melt	Cost per lb Good Castings
Material						
Pig Iron						
Total Iron Melted						
No. Scrap (worn-out scrap)						
(and castings sprues etc)						
Gross Melt						
Less Sand Castings returned to foundry						
returned from machine shop and customers						
Total Sand Castings						
Less natural scrap sprues screenings core iron etc						
repn and repn to foundry machinery and tools						
Total Natural Scrap						
Total Material Back						
Net Material Used						
No. PRODUCING LABOR						
Moulders						
Moulding helpers						
Core makers						
Core makers helpers						
Coreing and chipping						
Total Productive Labor						
No. EXPENSE						
Salaries, inc. Supr Foreman and Clerical help						
Superior labor						
Yarding labor						
Miscellaneous expense labor						
Washing						
Total Productive Labor						
Melting fuel						
Lime stone						
Fire Brick						
Moulding Sand						
Core Sand						
Fire Sand						
Clay						
Tempering						
Laboratory						
Power Light and Heat						
Repairs and Replacements, Machinery and Tools						
Repairs to Foundry Buildings						
Supplies						
Total						
General Expense, including House Office Charge						
Total Expense						
Cost of Output						

SPECIAL METHODS AND RECORDS FOR THE FURNITURE MANUFACTURING BUSINESS.

This business is classified as belonging to what is usually designated as Class 1, i. e.—consisting mostly of the manufacture of standard styles and sizes, although some factories also produce various kinds of fixtures on special orders. These are, however, exceptions to the rule.

The regular program of the factory and accounting records should proceed along the following lines:

Purchasing Department.

The Purchase Order should be made in quadruplicate.

Original to party from whom purchase is made.

Duplicate held by purchasing department and used as tickler and tracer.

Triplicate to accounting department, to be held until invoice and report from receiving department is received.

Quadruplicate to receiving department, minus quantities and prices, these omissions being accomplished by the use of a narrow carbon sheet.

The purchasing department looks after the shipment and transportation of the material. Delivery is promised at a certain date and the transportation should not be delayed.

The accounting department holds the triplicate as a kind of check on the purchasing department.

When the receiving department report arrives, together with the invoice—duly o. k'd as to prices and terms by the purchasing department—the proper entries are made in the purchases record (See Diagram 1) and all the documents, stapled together, are stamped "Audited" and placed in the Invoices Payable file for payment on the due date.

The purchase record may be used as a check on the accuracy of Stores Records of Material on hand. Separate columns should be provided for quantities and cost of the different kinds of material on hand. A recapitulation is made of quantities issued by the storekeeper to fill the factory requisitions which, deducted from quantities received as per invoices, will afford a comparison with the storekeeper's monthly report, while a comparison of material used on production orders with the established standards will detect any excessive waste or other abnormal conditions.

A method sometimes used is to calculate amount of material required on the basis of the standard costs and specify on the production orders the quantity of material to be requisitioned. Then the necessity of requisitioning extra material would be investigated prior to such requisitions being honored.

Stores Department.

The stores ledger—card system recommended—should be sectionalized according to the various kinds of material, supplies and accessories purchased, the different qualities, sizes, etc.

A separate record should be provided for completed stock goods on hand.

The principal material to be sectionalized is lumber, (oak, birch, maple, mahogany), varnish, glass supplies, accessories.

Illustrations are appended of both raw material and completed stock records. Diagrams 2 and 3.

Goods required to carry out the production orders are obtained by requisition, by foremen of departments, on storeskeeper. Diagram 4.

Production Orders.

These may be issued by the manager, or superintendent, in the regular way, specifying style and quantity of articles to be manufactured. Copies of this production order, or sub-shop orders, with departmental specifications are issued to department foremen.

Labor Records.

On all Class 1 work, as previously indicated, standard costs are established, and in this business labor is mostly performed by piece-work and by machinery.

The principal departments for which labor should be sectionalized are: **Manufacturing, cabinet, finishing.**

The principal machine operations consist of cut and rip, glueing, face and joint, planing, resawing, joint veneer, veneer, rip and plough, sticking, hand saw, moulding, cut-off, boring, sanding, drum, spindle, belt, dovetail, locking, hooking.

The finishing operations are: Staining, varnishing, sanding, rubbing, polishing.

The labor of machine operators is obtained by time cards in the usual way. Machine cost is charged on an estimated basis of life of machine and number of working hours per annum.

Diagram 5 exhibits a recapitulation of machine operators labor on a production order.

Diagram 6 is an hour and piece-work time card combined.

Diagram 7 is a record of Finishing Labor Cost.

Diagram 8 is a pay-roll with department distribution.

COST SHEETS AND DISTRIBUTION OF EXPENSE.

After the articles manufactured have passed through the finishing department all requisitions for material and supplies are assembled with the time cards, and a cost sheet in duplicate is prepared. To the cost of material and labor is now added the regular proportion of factory expense distributed over the cost of productive labor. Factory expense includes all such items as indirect labor, salaries of superintendent and foremen, maintenance charges, power, light, heat, rent, insurance, night watchmen, etc., etc.

This completes the cost of the articles manufactured as per production order and this cost is compared, in the case of stock goods, with the established standard and all variations carefully investigated.

The production order, sub-shop (or department) orders, labor records, material requisitions, and original cost sheet are then filed away together in numerical order for future reference, the particulars being first entered on the monthly cost summary of completed orders (See Diagram 9) which exhibits the total production and cost of same for each month. Where monthly balance sheets are the rule it is customary to also include the cost of upto-date work in process, the information being assembled as above indicated and factory expense added in proportion to productive labor so far performed.

The monthly totals obtained from the columns of the monthly cost summary are posted to the main office books as follows:

Dr.	Cr.
Manufactured Stock Account	Various Material and Supplies A/c
	Labor Account
	Factory Expense Account

The Manufactured Stock Account thus takes the place of the ordinary Purchase Account carried on the books in a wholesale business.

This article is intended to cover the best methods of recording the principal operations of the factory from the ordering of raw material to placing completed product in stock for sale. It has not touched on various intricacies which usually differ in every factory in accordance with local conditions and requirements.

[illegible]

Form 3-1148

REQUISITION FOR MATERIAL					
Requisition No. _____			Lot No. _____		
Order No. _____			Date _____		
Articles	Quantity	Price	Cost		

Authorized by _____

Foreman

Received by _____

Dept.

Form 4-1149

COST SUMMARY OF COMPLETED ORDERS												
Order No.	Material		Productive Labor		Unproductive Labor		Direct Expense		Indirect Expense		Total Cost	
9005	465	-	280	-	18	50	.56	75	31	25	851	50

SNAP SHOTS FOR THE BUSINESS WORLD.

In large businesses, such as wholesale grocery, wholesale hardware, wholesale dry goods, etc., it is not practical to take frequent actual inventories of goods on hand, so that it is necessary to depend upon what is termed "book" (card or loose-leaf) inventories for the purpose of securing weekly or monthly statistics.

The sales are properly distributed on a sheet ruled for the purpose, the cost of sales for the month deducted from previous month's inventory plus current purchases, and the result represents the value of present inventory.

A summary sheet is then prepared for the management with headings provided after the following style:

Inventory	Current	Insurance	Current	Cost	Gross	Inventory
Jan. 1.	Purchases	Total	Net Sales	Net Sales	Profit	Feb. 1.

GAS, ELECTRIC LIGHT AND POWER.**Special Methods and Records.****Meter Reading Record.**

(Right hand date and index columns used for readings where tenants move.)

Bill With Stub.

(The stub indicates unnecessary labor as a carbon duplicate would answer the purpose.)

Trimmers' Report.

(Street Lights.)

Gas and Electric Light Co. Ledger.

(In tabular form, running for 12 mos. without rewriting names by the use of two short leaves after every name's page.)

METER RECORD					
Address _____					
Name _____					
Contract No. _____					
Meter No. _____ Size _____ Make _____					
Date	Index	Read by	Date	Index	Read by

THE ELECTRIC LIGHT							
		METERS		NOVEMBER			
Customer	Application No.	Connection	Disconnection	State of Meter	Consumed	Balance	

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AND GAS COMPANY												
				DECEMBER								
Charges		Paid		Discount	State of Meter	Consumed	Balance	Charges		Paid		Discount
		Date	Amount					Date	Amount			

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CUSTOMERS BILL			
No. _____ M. _____ Contract _____ Watt Hours _____ Total _____ Discount _____ Net _____ Delinquent _____ Paid _____ _____ 19__	No. _____ 19__ M. _____ To Light as per Contract _____ To _____ Watt Hours Electricity at _____ per M. Meter Constant _____ Per Cent Discount _____ Present Reading _____ 10 per cent discount if paid Previous _____ before the 5 th of Month Gross Difference _____ Net Watt Hours _____ Delinquent last Month Amount Paid _____		
Received Payment of \$ _____ The Gas-Electric Light and Power Company By _____			

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TRIMMER'S REPORT			
_____ 19__			
	COMMERCIAL	STREET	ENCLOSED
Carbans used			
Globes used			
Trimmer			
Side trimmed			
Circuits tested			
LAMPS OUT			
Location	Trouble	Nights Out	

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ACCOUNTING METHODS FOR THE GENERAL STORE.

Whether it is called a General Store, or a Department Store, the accounting records and statistics are the same. In our experience we have always been asked the same questions and confronted with the same problems, from the sectionalization of various departments to the distribution of general expense.

The proprietor of the store usually knows what he needs but does not exactly understand how to go about it. He has, of necessity, organized his various departments separately. The groceries are sold in one section; the hardware in another; the furniture and carpets are on the third floor; the dry goods and millinery on the second; the notion department near the first floor front window, and so on.

The proprietor is under the impression that the furniture department for some reason is not paying, but how can he prove it? The sales have not increased for five years, and the furniture department managers say the advertising is not up to date, and the goods are not sufficiently attractive. The department cannot possibly do with less help so that no economy can be instituted in that direction. The proprietor carefully figures out the sales and computes the average profits, but it does not occur to him that in order to obtain a correct knowledge of actual net business results a proper distribution of general expense should be spread over all departments, and this expense includes rent, janitor service, night-watchman service, packing, shipping, teaming or delivering, incidental supplies, light, heat, special department expense.

The following information has therefore been specially compiled with a view to furnishing the proprietor of the general store (with the least possible clerical work and expense) departmental information on a comprehensive basis:

DEPT. NO. 1		
	July	August
Cost of Goods Sold		
Clerk Hire		
Direct Department Expenses		
Dept. Manager		
Floor Walker		
etc.		
Rent Light and Heat		
computed on Floor Space		
Proportion of General Expense		
Gross Sales		
less Premiums etc.		
Actual Net Profit		

COST OF GOODS PURCHASED.

A purchase, or voucher, record is the customary method adopted for taking care of Accounts Payable and their departmental distribution.

The illustration appended satisfactorily covers the essential requirements, but modification may be made to suit special requirements.

TERMS.

If the credit extended varies considerably, two additional columns may be provided after the column headed "Voucher No.," one for "Terms" and one for "Due Date." Or, in a large store, it will probably be found more convenient to carry a separate "Maturity Record."

DEDUCTIONS.

Where it is customary to deduct cash discount, or freight, the best plan is to provide special columns for such deductions, entering only net amounts in the departmental columns.

ACCOUNTS PAYABLE.

Where cash discount is usually taken advantage of a purchase ledger is unnecessary, but a column should be added to the Purchase Record after the "Due Date" column, headed "When Paid."

The total of the Accounts Payable column is posted to the credit of Accounts Payable account at the close of each month and the total cash payments debited, the balance of the Accounts Payable account thus indicating amount of outstanding liabilities. (See cash book).

INVENTORIES.

In modern stores the custom of taking inventories and compiling statistics each month (instead of once a year) is rapidly growing in favor. Very few general stores, however, keep a perpetual inventory as—although the safest plan—it involves too much time.

CLERK HIRE.

The pay-roll record shown is arranged for departmental distribution, the column headed "General" being intended for salaries, or wages, which cannot be charged against any particular department.

The "Pay-roll" Slip is recommended, as by this method no employee can ascertain the wages paid to another.

If it is the policy of the management to make advances to employes, these should be recorded on the pay-roll.

DEPARTMENT EXPENSE.

Direct Expense.

This includes supplies such as departmental stationery (cash, credit and transfer tickets, etc). Wages have been treated separately. Rent, light, heat and janitor service are direct expenses when computed on the basis of floor space occupied.

Indirect Expense.

This consists of such items as packing, delivering, incidental supplies, general superintendence, general office expense, night watchman, etc.

This should be distributed over the departments either monthly or yearly, whenever business statistics are required, this method furnishing the proprietor with actual net profit or loss made by each department.

DISTRIBUTION OF EXPENSE.

The most equitable method is to compute the percentage of distribution on amount of wages or salaries paid in each department. Thus:

Total general expense	\$ 500
Total departmental wages	2,000
Percentage of distribution	25%
Dept. No. 1—	
Wages	\$228.00
General expense	57.00
Etc., Etc.	

The most business is usually transacted in the department where the most help is required, and we believe the suitability of the plan described will be appreciated as superior to other methods in use.

PERCENTAGES BASED ON TURNOVER OR SALES.

The injustice of this method will be clearly seen by the following demonstration:

1 dining-room set	\$40.00
2 doz. eggs, .30.....	\$.60
1/2 doz. cans corn, \$2.00.....	1.00
10 lbs. Mocha Coffee, .40.....	4.00
1 box Ivory Soap	4.00
100 lbs. Dried Apples, .12.....	12.00
15 lbs. Gran. Sugar, .10.....	1.50
	<hr/>
	\$23.10

25% on \$40 = \$10

25% on \$23.10 = 5.77

And in all probability much more time and expense were consumed on the second order than on the first.

INVENTORY METHOD.

In some few cases where department managers are paid salary and commission, it is the custom to distribute general expense at the end of each month on the basis of value of departmental inventories. Thus—if general expense is \$2,000 and total inventories—\$40,000, the expense is charged to each department at the rate of 20% on value of inventory.

The advantage of this method, it is stated, is that it discourages the department manager from over-stocking.

SALES.

The daily sales summary exhibited is also arranged for departmental distribution, and is provided with separate cash, C. O. D. and credit columns.

The cash sales are entered on the usual duplicate sales tickets, the original being handed to the customer and the duplicate to the cashier. Separate tickets should be used for each department as this avoids confusion and facilitates the work of summarizing.

In small stores cash registers with multiple drawers may be used to advantage, and will be found economical, dispensing with cashiers and involving no power or repair costs.

CREDIT SALES.

We recommend long statement blanks made with carbon sheets in duplicate. The duplicates are kept in vertical folders until the end of the month, when the total sales are footed and the original mailed to the customer. The duplicate is kept as the ledger account and the vertical folder constitutes the customers' ledger.

SALES ACCOUNT.

Departmental sales accounts are carried in the general ledger to which are credited gross sales from Daily Sales Summary at the end of each month, and to which are debited all allowances, premium and other deductions, the balance showing net departmental sales.

A recapitulation of the totals of customers' statements is made at the close of each month, and the grand total debited to an Accounts Receivable account carried in the general ledger. Cash receipts are debited to this account and credited to the customers on the duplicate statements. The balance of this account will then represent the total of unpaid accounts receivable.

GENERAL LEDGERS.

This is the only regular ledger used, no ordinary ledger accounts being carried with either customers or creditors.

The other accounts carried in this ledger would be :

DEPARTMENTAL SECTION.

Dept. No. 1 Purchase Account

Dept. No. 1 Sales Account

Dept. No. 1 Expense Account

Dept. No. 2 Purchase Account

Dept. No. 2 Sales Account

Dept. No. 2 Expense Account

ASSETS SECTION.

Cash

Bank

Accounts Receivable

Bills Receivable

Interest Receivable

Real Estate

Furniture and Fixtures

Horses and Wagons

LIABILITIES SECTION.

Accounts Payable

Bills Payable

Partners' Accounts

GENERAL EXPENSE SECTION.

Advertising

Office Salaries

Teaming

Stable Expense

Office Expense

Insurance

The balances of these accounts will constitute the trial balance. From this trial balance the following valuable financial statements may then be compiled, viz.—The Trading accounts from the departmental section.

The Balance Sheet from the assets and liabilities sections.

The Profit and Loss account from the departmental and general sections.

These summaries may be conveniently combined in one.

COMPARATIVE STATEMENT.

as illustrated.

CASH-JOURNAL.

The Cash-Journal is a combination of journal entries and cash records. It is constructed by adding special cash and bank columns to regular journal headings.

If we receive from Horace White the sum of \$18 in payment of his account, this amount is entered in the Accounts Receivable credit column. (See illustration). Customer's remittances should be bunched and entered together. When they are all entered foot them and enter the total in the cash debit column.

In our illustration we have arranged the form with debit and credit columns adjacent, as this has been found convenient for comparison. In a small, or medium-sized, store the cash-journal may be provided with debit and credit columns for each account scheduled in the trial balance previously referred to. If this plan is adopted the general ledger may be dispensed with as each set of debit and credit columns represents a ledger account, and therefore the transactions of each day's business will show at a glance in combination with the daily cost summary.

If the accounts are properly classified—appear in proper rotation as per explanation—no trial balance is necessary. The comparative statement illustrated may be drawn off direct from general ledger or cash-journal.

In our illustration of cash-journal a column is provided headed "Cash sales as per daily summary." Where a daily sales summary is in operation, the amounts being recapitulated from the cash sales tickets, it is unnecessary to provide departmental distribution in the cash-journal.

The cashier should make an independent footing of each day's cash sales and check it with the amount shown on the daily sales summary.

It may be found desirable to carry separate accounts with cash sales, c. o. d. sales and credit sales. But we think it preferable to keep c. o. d.'s on memorandum until paid, when they will be entered in the cash-journal as cash sales and transferred from c. o. d. sales to cash sales on the daily sales summary. The latter record will then show amount of c. o. d.'s not yet reported on.

DEPARTMENT STORE SPECIAL RECORDS.

In those department stores where the volume of business is considerable, it is usual to control special requirements, or complications by extra attention to detail, by means of special records:

Some of these records we will list below:

- Clerk's Daily Cash Register Statement
- Refund Voucher
- Manufacturing Summary—Dressmaking Dept.
- Manufacturing Summary—Millinery Dept.

Manufacturing Summary—Clothing Dept.
Combined Credit Ticket and Cash Voucher
Stock Records (Received, Sold, On Hand)
Packers' and Delivery Coupon

PAY ROLL SLIP	
Dept No. _____	Name _____
	No. _____
To Cashier -	
Please pay bearer the sum of \$ _____ Amount	
due for wages as per payroll _____	
_____ Manager	
Received the above sum in	
full payment	
(Employee signature) _____	

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PAY ROLL										
Week ending _____ 19__										
No	NAME	Rate	Days	Amount	Dept 1	Dept 2	Dept 3	Dept 4	General	
								TO 20		

11C1

CASH JOURNAL										
Month of _____										
NAMES	Folio	Cash			Bank			Accounts Receivable		
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.			

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CASH JOURNAL											
Month of _____											
Accounts Payable			General Ledger			Total Cash Sales per Summary	General Expense	J. Watson		R. Hovey	
Dr.	Cr.	Dr.	Cr.	Cr.	Dr.	Dr.	Cr.	Dr.	Cr.		

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DAILY SALES RECORD

19

[illegible]

1104

WEEKLY TRADING ACCOUNT

Dept. No. 1

	June 1908 - 1909						etc.
	1908 1st Week	1909 1st Week	1908 2nd Week	1909 2nd Week	1908 3rd Week	1909 3rd Week	
Dr.							
Inventory							
Purchases							
Wages							
Direct Expense							
Indirect Expense							
Cr.							
Sales							
Inventory							
Net Profit							

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COMPARATIVE STATEMENT

Departmental Trading Account

ACCOUNTS	Dec. 31, 1909		Dec. 31, 1910		Dec. 31, 1911		Dec. 31, 1912		Dec. 31, 1913	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
Dept. No. 1 Trading Account										
Inventory, Jan. 1, 1909	2025 -									
Total Purchases	1270 -									
Expenses	292 50									
Sales		4617 20								
Inventory, Dec. 31, 1909		1230 -								
Net Profit	2239 70									
	5647 20	5647 20								
Dept. No. 2 (as above)										
5										
20										
BALANCE SHEET										
Assets										
Cash	382 00									
Bank	6275 15									
Accounts Receivable	2104 25									
Bills	350 -									
Interest	156 50									
Real Estate	2400 -									
Furniture & Fixtures	360 -									
Horses & Wagons	750 -									
Liabilities										
Accounts Payable		7075 75								
Bills		350 -								
Partners Accounts		18514 50								
Summary of Departmental profits for Year		1760 65								
	38520 70	31520 70								

GLOVE MANUFACTURING BUSINESS.—SPECIAL METHODS AND RECORDS.

Separate stores records for different material such as leather, fur, linings, etc. Regular form.

The cutter's record (Form 1) is very important. As the gloves are made of regular sizes a standard quantity of leather used per size, per doz., is established, thus affording a check against waste and inefficiency. The foreman issues or o. k.'s all stores requisitions.

Small supplies, such as thread, buttons, fasteners, etc., are included in factory expense percentages.

Labor is almost entirely by machine operators and paid for on the piece-work plan. Inspection of finished goods is usually paid for by number inspected and a premium on defects discovered.

Selling and general expense should be sectionalized and comparative statements compiled by week or month in order to investigate increases or decreases as compared with output.

Factory expense includes the sundries supplies referred to, salaries of superintendent and foremen, janitors and watchmen; maintenance and repairs, heat, light and power.

Selling expense includes salesmen's salaries and expenses, commissions, advertising, shipping, teaming, out-freight and express.

General expense includes rent, taxes, insurance, depreciation, office stationery and supplies, postage, office salaries, etc.

Form 2 illustrates standard cost record.

Form 3 illustrates weekly or monthly cost summary.

CUTTERS' RECORD.

Cutter	Leather Used.										Report No.
Factory Order No.	Date										No. of Glove.....
	No. Doz.....										
	6	6½	7	7½	8	8½	9	9½	10	10½	
Kind of Stock	Grade										
Amt. Given Out											
Ex. Given Out											
Returned											
Net Amt. Used.....	Cost \$.....										Value \$.....

STANDARD COST									
Glove No. _____									
Cost per doz. \$ _____			Selling Price \$ _____			Profit \$ _____ % _____			
Size _____			Kind of Leather _____			Cost per ft _____			
Leather allowed _____									
MATERIAL					LABOR				
Description	Quantity	Cost	Operation	Rework	Hours	Days	Total		
Total Material				\$ _____					
Total Labor									
Factory Expense									
% Selling									
% General				_____					
Selling Price				_____					
Net Profit									

Form 2—1169

COST SUMMARY									
Name _____					Job No. _____		Date of Estimate _____		
Address _____					Estimated Cost _____		Date Commenced _____		
					Price _____		Date Completed _____		
Supplies	Cost	Charged	Operations and Names	Cost	Charged	Percentage Expense	Total Cost	Profit	Remarks

Form 3—1170

GRAIN ELEVATOR, BUSINESS ACCOUNTING.

Special Methods and Records.

This is a peculiar class of business so far as accounting methods are concerned, as grain is unloaded and stored in elevator, transferred from boat to car or from car to boat, or from car to car.

Separate records must be kept of each kind of transfer as the income of an elevator business depends to a large extent on charges for storage and services.

Where an elevator company buys grain of certain grades for either storage or immediate delivery it must be inspected on delivery to ascertain that it is up to standard and that the weight is correct.

Warehouse receipts are given for grain stored for outside concerns, and these must be surrendered when delivery is ordered.

Separate stores' accounts are carried with grain purchased, or stored on warehouse receipts, the usual methods being adopted as to guide cards (wheat, corn, oats), and grades of quality (No. 2 White Oats).

Regular ledger accounts and the usual records in connection therewith are carried and do not need a detailed description.

Flour Mill and Grain Businesses are so frequently carried on as one institution that they should be studied together.

Selling Expense, in a business of this kind, includes a number of items, such as

- Advertising
- Cartage
- Commission
- Inspection
- Salesmen's Salaries
- Salesmen's Expenses
- Samples
- Storage

Mill Expense includes:

- Supplies
- Labor
- Maintenance
- Depreciation
- Power

It is unnecessary labor and expense to carry separate trading accounts with each elevator, as the book-keeping necessary to record transfers from one elevator to another simply means so much clerical work with no particular results.

UNLOADING RECORD							
Unloaded at							
Account	Car		Grade	Receipt No	Location	Carg Lbs.	Oats Lbs.
	No.	Initial					

Form 2-1172

LOADING RECORD									
Loaded at									
Rec No and Account	Car		Grade	Route	Car Doors	Ex Cars	Emp	Carg Lbs.	Oats Lbs.
	No.	Initial							

Form 3-1173

WHOLESALE GROCERY ACCOUNTING.

Special Methods and Records.

The purchasing department should be conducted in the usual manner, covering:

Price Quotation Record
Manifold Purchase Order
Receiving Clerk's Report
Columnar Purchase Record

The receiving clerk's report should be made on a duplicate purchase order furnished him minus quantities and prices, this omission being accomplished by means of a short carbon sheet when making out the purchase order.

Store's records may be kept in the usual way with a tag attached to broken packages on which the order clerks will mark the quantities withdrawn. No better plan can be recommended than that described in detail under the heading of Wholesale Hardware Accounting.

The sales department includes the management and supervision of the traveling salesmen and of the mail order department. A price book is maintained for all goods received and from this the necessary information is furnished to the salesmen.

In many large houses printed weekly price lists are furnished to salesmen and customers, containing up-to-date corrections, additions, etc.

Salesmen are furnished with regular order sheets which are completed at the office, when they are used as the sales record from which ledger postings are made. Daily totals should be entered on a sales summary which will furnish grand totals to be credited to Sales account at the end of each month.

Separate ledger accounts with salesmen are carried for traveling expense; salary and commission.

The daily salesmen's sales record should be combined with the daily sales summary by providing sufficient columns as indicated in illustration.

Salesmen's collections are reported on special blank as per appended form.

Credit slips are made in duplicate for goods returned, allowances, etc. original to customer and duplicate for office record.

From the daily sales summary the following statistics are obtained:

Total sales	\$.....
Less goods returned
Net sales
Total cost	\$.....
Less cost of goods returned
Expense percentage
Actual cost

[illegible]

WHOLESALE HARDWARE ACCOUNTING.

Special Methods and Records.

Those acquainted with the multitudinous detail involved in devising efficient records for this important line of business will appreciate the value of methods designed to prevent and promptly detect mistakes in packing and shipping.

ORDERS.

Are received from traveling salesmen, mail, or house, each department order being entered on a separate manifold order blank.

These orders are distributed to the different floors on which the goods are stored. They record the progress of the shipment from floor to floor on which the goods are assembled and checked; packing room where goods from different floors for one customer are assembled and checked; shipping room where goods are placed for loading in delivery wagons to railroad or city customers.

Each department makes out a shipping order which is checked by the department inspector. The goods assembled and order sheets are sent to the packing room; the shipping record from each department is sent to the shipping room.

If an order sheet contains items not in stock, or that must be purchased outside, a separate order sheet is made out. This is kept in a waiting binder until the order can be filled.

INVENTORIES.

Goods of a similar kind are stored together such as heavy hardware, builders' hardware, steel goods, tin ware, galvanized ware, shelf hardware, roofing etc.

Owing to the number of small supplies, many business managers consider a perpetual inventory undesirable because of the labor involved. When we consider, however, the great inconvenience arising from being out of stock of articles required to fill orders, we believe the perpetual inventory pays.

It may be arranged on the card system and the cards may be attached

to the bins, or shelves, on which the hardware is stored. The clerk in charge of the order enters on these cards the articles withdrawn. A minimum quantity is entered on the card and the storekeeper notifies the purchasing department when the minimum is reached.

The inventory cards may be summarized as found convenient.

SHIPPING ROOM.

All orders are gathered together here and from the various departments and the goods assembled for complete shipments to customers, also for the different railroads over which the shipment is routed.

PACKING ROOM.

This room should be provided with packing bins, serially numbered, one for each order to be packed. As the goods and order sheets come in from the different departments they are assembled in the bins, packed and removed to the shipping department when complete.

Although each order sheet is checked as the goods are assembled, mistakes often occur through articles getting into the wrong bin and going to the wrong customer, and the misplacement is generally found to have taken place in one of the next bins. To locate these wrong shipments it is a good plan to enter bin numbers, and adjacent bin numbers on the order sheet, so that in case of complaint the customer whose goods were packed from the adjacent bins may be communicated with, asking if the missing articles were by accident shipped to them.

SNAP SHOTS FOR THE BUSINESS WORLD.

ECONOMIZING SPACE.

In a retail crockery, retail hardware, or department store a great deal of exhibition space may be saved by the use of classified exhibition open folding cabinets of suitable size.

Instead of displaying full sets, or numerous articles of the same kind on counters, or tables, display sample pieces from sets with particulars of number of pieces, and single sample articles with description of quality in the open folding cabinet and sell from the cabinet.

LOCKS * 245												
	Inventory Additions and Returns			Sales Order No. and Date		Quantity Shipped		BALANCES				Remarks
								Quantity	Date	Price	Inventory Value	

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Manifold Order					
SHIPPING DEPT. COPY					
Date Received _____			Their Order No. _____		
Sold To _____			Our Order No. _____		
Address _____			Salesman _____		
Shipping Directions _____			Packed by _____		
Date Shipped _____			Checked by _____		
Date Billed _____					
Ordered	Shipped	Description	Price	Items	Total

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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
PURCHASE ORDER NO 620 Must be shipped by 190 To 190 GENTLEMEN: PLEASE SUPPLY US WITH THE FOLLOWING GOODS																															
Quantity		Size		Description																											
Shipping Instructions																															
Kindly acknowledge and indicate date of expected shipment. (Signed) _____																															
ORDER NO. MUST APPEAR ON INVOICE AND PACKAGE																															

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HOSPITAL RECORDS.

The records of a hospital cover a number of departments, such as housekeeper (provisions, etc.), pharmacy, ambulance, nursing, laundry, laboratory, training school.

This distribution is effected by means of special columns in voucher record, journal, pay roll and cash book.

A ledger account is carried with each patient in the Patients' Ledger.

Statistical records include diet kitchen record, patient's menu record, patient's history.

HOTEL BUSINESS ACCOUNTING.

A suitable system of accounting for hotels or clubs does not involve any special records, except the use of columnar account books for distribution of purchases and analysis of receipts or revenue, with the customary stock-records to guard against waste or the improper use of supplies purchased.

Supplies for hotels and clubs are generally purchased in large quantities and should be kept in regular stock rooms or cellars and someone held strictly accountable for the entire stock of supplies on hand. It is well to charge the stock-keeper with the quantities and values of all supplies purchased in a regular stock record, crediting him with the quantities and values of all supplies delivered by him from stock on requisitions properly made out and signed by the chef. At the end of the month the difference between the debt and credit sides will show the quantities and values of all supplies on hand, and it is also well to verify the inventory as shown by the stock record with the actual inventory on hand by accurate count. This form of stock record is a regular perpetual inventory, one card being used for each size or kind of the different articles.

When ordering supplies a triplicate order system is used. The original order goes to the purchasee, the duplicate is retained in the office and the triplicate given to the stock-keeper, in order that he may check up the goods upon arrival and report the quantities to the book-keeper upon the triplicate, from which invoices may be checked. The stock-keeper enters from his report of goods received the amounts and quantities on his regular stock cards.

For the cafe a system of orders is used, numbered in numerical sequence. Each waiter is given a small quantity of orders and is requested to give a receipt therefor. The orders are specified by their consecutive numbering, so that it is impossible for him to fill an order and make collection himself without turning over the proceeds to the cashier, as we shall explain.

When the waiter receives an order it is immediately taken to the kitchen, where the food is ordered. As the order is filled and given to the waiter it is checked against the written order to see that it is complete, and before leaving the kitchen each waiter is requested to have the order again checked by a special clerk to see that there is nothing on the tray not called for on the regular order. As the waiter reaches the cafe he generally passes the cashier, who again checks the order of the goods on the tray and enters the amounts opposite the different articles ordered, and before the bill is presented to the guest for payment the cashier foots the same with ink. This provides a very accurate check on all orders and prevents the serving of any guest by the waiter without proper returns therefor.

Cash registers are generally used in the bar. The guest is given a check specifying the amount which he must pay to the cashier. As the checks are made by the register the amounts are automatically added and may be classified if necessary. The total amount of the checks, as shown by the cash register, must agree with the cash receipts of the cashier.

For each guest a regular ledger card is used similar to the illustration shown. This card is made out upon the arrival of the guest and gives a complete record of all the expenses incurred by the guest during his stay, showing a classification under the headings of Restaurant, Bar, Cigars, Pool and Billiards, Express, Laundry, Telephone and Telegraph and Livery, with additional columns for sundry amounts. The total charges are entered daily in the debit column, and any payments on account under Credits.

In up-to-date hotels and clubs it is customary to carry a record which is known as Revenue Analysis, and which is really a summarized record of the revenue for each day, properly classified.

It is also policy, whenever convenient, to make a similar classification of daily expenses, which generally consist of such items as superintendence, stationery and printing, taxes, electric light, gas, livery, telephone, newspapers and magazines, expenses of cleaning, water, fuel, repairs on building and fixtures or furniture, binding for the library books, interest on any indebtedness, or depreciation of the property, furniture or equipment, as well as other miscellaneous items.

The revenue of a club varies somewhat from the general revenue of a hotel, inasmuch as there are membership dues, admission fees, dues of incoming members, etc., which are not items of hotel revenue.

The general books of account for a hotel or a club are very simple in nature and usually consist of a purchase record, showing the total credits to accounts payable and a distribution of the daily purchases, while the cash book has a special column for debits to accounts payable, denoting payments on account, the balance between the special column in the purchase record and cash book showing at all times the amount owing for supplies purchased. Footing of these columns are posted monthly to an account payable account in the general ledger. Special columns should appear on the debit side of the cash book indicating the source of all money received.

Employees' records are frequently used so that complete information may be on file relative to each employe, showing the date of his engagement, the length of time he has been employed, his general conduct or character, and any advancement in the amount of his wages, etc., and if he leaves, the reason therefor. Should the employe again seek employment after his absence for a period the manager will have the full details of his previous engagement by referring to the employees' record.

Name					Address						
Room No.		Arrived		Departed		Time		Rate			
Date	Restaurant	Bar	Cigars	Pool and Billiards	Express	Laundry	Tel. & Tel.	Livery	Dr.	Cr.	

1185

REVENUE ANALYSIS																
Date	Cafe		Bar		Cigars		Rooms		Pool and Billiards		News Stand		Sundry Receipts		Total	
	Cash	Charge	Cash	Charge	Cash	Charge	Cash	Charge	Cash	Charge	Cash	Charge	Cash	Charge	Cash	Charge

1186

ICE CREAM MANUFACTURING BUSINESS. SPECIAL METHODS AND RECORDS.

The principal constituents of ice cream are cream, sugar, flavors, ice.

The manufacturing cost consists of the cost of quantity produced per gallon, the prime cost being material and labor.

First of all, however, comes the manufacture of ice used in the manufacture of ice cream, the cost of production of which consists of quantity of water and gas, amount of labor, and machinery maintenance and repairs per ton produced.

Daily Manufacturing Account.

Ice	
Ice making material	
Ice making labor	
Ice making maintenance	
Ice making expense	
Waste percentage	
Depreciation percentage	
Total cost	\$
Total cost per ton	\$
	1167

Daily Manufacturing Account.

Ice Cream.	
Dr.	Cr.
Inventory on hand Feb. 1—	Total cost to Trading Acct.....\$.....
Tons icetons \$.....	
Ice cream materials	
Gallons ice creamgals.	
Materials purchased	
Less	
Inventory, on hand Feb. 2—	
Tons—icetons \$.....	
Materials	
Gallons—ice creamgals	
Ice cream labor	
Ice cream expense	
\$.....	\$.....
	1168

Daily Trading Account.

Ice Cream Cost	Ice Cream sales	\$.....
Drivers' wages	Ice sales	
Drivers' expense		
Stable expense		
Salesmen's salaries		
Advertising		
Prizes		
Waste percentag		
Gross profit to P. & L. Acct.,		
\$.....		\$.....
		1169

Purchase and stores records are arranged in the usual form.

A standard cost schedule is carried, with which actual costs per ton of ice and per gallon of ice cream are compared. No production orders are used, as during the season the machinery is worked to its full capacity each day.

In the selling department the drivers' records and management constitute an important feature. A ticket in triplicate is made out for each load, the original going to customer, the duplicate being returned as a charge against the driver and the duplicate—with delivery receipt form attached—given to the driver. This is for credit wholesale sales.

For retail sales the driver is given a route list calling for the delivery of a certain number of tubs, this list being checked off as ice cream is delivered, and returned to the office. Different colored tags may be attached to tubs on C. O. D. and charge orders.

Duplicate weekly bills are made out to customers, original to driver, duplicate retained in office. Special forms are provided for the driver for record of cash sales and collections, and summary of credit sales same to be o. k.'d by both cashier and driver. Settlements are made daily.

DRIVER'S RECORD- WHOLE SALE									
Name _____				Date _____ 19__					
Address _____				Driver _____					
Quantity	Size	Total Gallons	Price	Amount	Returns	Gallons	Amount		
5	10 gal.	50			2	20			
	5 "								
	3 "								
	2 "								
	1 "								
	Qt Bricks								

Received from JAMES BLAND & CO.

_____ Gallons Ice Cream as per bill delivered

Date _____ 19__ Signature _____

DRIVERS DAILY SUMMARY									
Driver _____						Date _____ 19__			
Route No.	Ticket No.	Quantity	Cash Sales		Credit Sales		COLLECTIONS		
							Name	Amount	

☐ OK _____ Cashier
☐ OK _____ Driver

1191

RETAIL ROUTE LIST									
Driver _____						Date _____ 19__			
Name	Address	Ticket No.	Quantity	Size	COD Sales		Charge Sales		Delivery Check

Total COD deliveries \$ _____

returned _____

Net Sales \$ _____

Total Charge deliveries \$ _____

returned _____

Net Sales _____

☐ OK _____ Checker

1192

MONTHLY SALES SUMMARY													
Month of _____ 19____													
Date	Colls.	Home		DRIVERS								Total	
		Cash	Credit	Anderson		Borges		Cross		Mason & Co.		Cash	Credit
				Cash	Credit	Cash	Credit	Cash	Credit	Cash	Credit		
1													
2													
3													
4													
5													
...													

1193

SNAP SHOTS FOR THE BUSINESS WORLD.

CHECKING CUSTOMERS DEPOSITS.

A labor-saving method used in some banks curtails the details of the receiving teller's work by transferring a good deal of it to a junior assistant who—with the aid of an adding machine—lists the bundles of checks deposited as received from the teller, compares the total with the customer's deposit slip, examines the endorsements, locates the causes of discrepancies and makes a daily recapitulation for entry in the Receiving Teller's Cash Book. The teller, of course, looks after and verifies cash receipts, collection of exchange on country checks, etc.

ACCOUNTING METHODS FOR THE INSTALMENT BUSINESS.

One of the largest lines of enterprise connected with this class of trade is the retail furniture business. The majority of people commencing married life are not in a position to completely furnish a home and are glad of the opportunity to obtain household furniture on the hire-purchase plan, paying an extra price for the consideration.

Another important line of enterprise based on the instalment plan is the Book Publishing business. This usually consists of the sale of sets of books such as encyclopedias, novels and technical works of various kinds.

Pianos and organs are sold in every city on the hire-purchase plan, as also sewing machines, carriages and wagons, bicycles and automobiles, agricultural implements, etc., etc.

The principal methods employed in the accounting department may be summarized as

- Credits
- Sales Records
- Instalment Ledgers
- Collection Records.
- Delinquent Accounts and their adjustments
- Instalment Profits and the Balance Sheet
- Instalment Trading and Profit & Loss Accounts.

The general principles of conducting a business on the instalment plan are based on the addition to the regular selling prices of a sufficient amount to cover interest on deferred payments, expense of collection, reserve for uncollectable accounts. The liability of loss by bad debts is not so great in the furniture as in other instalment businesses, there being less facility for removal without being traced.

Credits.

The first investigation of the credit man is in the direction of the salary earned by the customer applying for credit and his general local reputation as to good faith and prompt payment of bills. This information is obtained from employers and local tradesmen, etc., the former also including the important point as to whether the employment is of a temporary or permanent nature.

The amount of the credit allowed will depend upon the amount of salary earned, as no wise credit man will allow the purchaser to undertake heavier obligations than his income justifies.

In some instalment contracts a clause is inserted cancelling the hire-purchase agreement and requiring the return of all the goods purchased in case of overdue instalments. This clause undoubtedly acts as an incentive to prompt payments, but its legal validity is doubtful and in some states, at any rate, cannot be enforced. This holds good even where chattel mortgages are given as security.

FORM 2.

PURCHASE AGREEMENT.

Order No.

Date 19..

JOHNSON & NICHOLSON,

Cleveland, O.

Dear Sirs:

Please furnish me the goods as specified in list below:

..... \$.....

.....

.....

.....

.....

.....

Total value

For which I agree to pay as follows:

Date.	Amount.	Date.	Amount.
-------	---------	-------	---------

.....

.....

.....

.....

.....

.....

In case of neglect to pay any installment on the date specified, the whole of the unpaid balance will become payable forthwith.

Signature

Address

Witness

Order Blanks.

Order Blank.

Form 1.
(Front of card.)

Form 1.
(Back of card.)

2104

In both loose-leaf and card systems the lease, or contract, is sometimes printed on the back, and the front is ruled and printed for the ledger account. The contract contains a list of the articles included therein.

Some instalment houses make three copies of the lease, or contract, the third copy being provided for the collector. When collection is made the collector hands his copy to the book-keeper, who posts from there to the cash book. From the cash book posting is made to the office copy of the contract.

Collection Tickler.

In this case the collector's copies are filed away in the tickler for next month's collections and handed to him by the book-keeper on the proper dates. This plan saves the trouble of making separate memoranda.

Combination Ledger and Collector's Record.

Diagram 3 is a loose-leaf ledger, a carbon copy of which is made on a corresponding ledger card. The latter is handed to the collector who uses it as a collection report as previously described. It contains space for four weekly credits a month and for additional purchases. As in some months there will be five weekly credits it is best to provide sufficient columns to meet this emergency.

The use of cards in this line of business has been found preferable because of the facilities enjoyed for sectionalization and cross-indexing. Separate sections may be provided for the territory covered by each collector, and by the use of extension tabs the customers' name may be alphabetically indexed, while guide cards will sub-sectionalize them by streets.

For example—take Form 4 and use the large tabs for names of streets on which customers reside and the small tabs (attached to the customers' cards) for the alphabetical indicators.

Combination Ledger and Tickler.

Diagram 4 is a card ledger indexed alphabetically by extension tabs and numerically by due dates. It is a good plan to make all instalments payable on a certain day of each week, as this plan gives the collector an opportunity to devote his time to obtaining orders.

When accounts are not paid when due they should be removed to a separate file for special attention. See *Delinquent Accounts*.

When accounts are closed they should be removed to a Closed Account file or binder.

Tabular Ledger.

This ledger is arranged on the principle of dividing pages by dates instead of names of accounts, i. e., a certain number of pages are used to cover the transactions of a given period—usually twelve months in commercial houses and thirteen weeks in banks.

This ledger is also called the horizontal ledger, because successive debits or credits run across the page instead of down the page.

The name "Tabular Ledger" is used because cross-footings will give the totals of transactions with each customer, while the vertical additions will give the totals of transactions with all customers whose accounts are listed on the page.

In our illustration—Form 5—specially arranged for the instalment business, five lines are allowed to each account in order to provide sufficient room for necessary data in the Name and Address column.

Sectionalization.

Instalment Accounts Receivable are kept separate from regular accounts receivable. In the cash book a separate column should be provided into which to enter receipts from instalment collections. (See Diagram 10.) At the end of each month a recapitulation should be made of the totals of the ledger pages and the grand total thus obtained should be agreed with the total of the instalment collection column in the cash book, thus proving the accuracy of the book-keeper's work.

Example: January, 1909.

Instalment Ledger page 1.....	\$185.00
2.....	215.50
3.....	78.75
4.....	95.50
5.....	140.00
6.....	128.50
<hr/>	
Grand Total	\$843.25
Cash Book total for month.....	\$843.25

A monthly recapitulation of the amounts of contracts obtained during the month will, in like manner, agree with the grand total of a recapitulation of debits posted during that month to customers' accounts, after making due allowance for journal entries.

An account index is required for tabular ledgers by both page and line (five lines to a number as shown in illustration), the latter considerably facilitating reference.

Controlling Account.

In the General Ledger a Controlling Account should be opened with the Instalment Ledger for recording proof of accuracy of work.

The total of recapitulation of amounts of contracts should be debited to this account, as also the total of any extra charges made through the journal for interest on overdue instalments, etc. The total of the Instalment Collection column in the cash book should be credited to this account, as also the total of any credits to customers for goods returned, exchanged, etc.

The balance of this Controlling Account will then agree with the total of a recapitulation of the balances shown in the Instalment Ledger. If

there is any discrepancy this, of course, indicates some error in addition, or posting, which must be located and corrected, but the Controlling Account itself locates the difference to the debit or credit side.

It will be noted that this Controlling Account practically consists of the monthly recapitulations referred to under the head of "Sectionalization" but it records them on the books of account by the establishment of a special account for that purpose. For further information as to Controlling Accounts see Article I.

Example: Controlling Account.

Date.		Debits.	Balance.	Date.		Credits.
Jan. 31	Contracts	\$785.50		Jan. 31	Cash	\$262.00
	Journal	18.50	\$517.00		Journal	25.00
1196						

Collections.

Methods used for the management and convenient record of collections are interesting in their variety, indicating the universal possibility of achieving equally satisfactory results in a multiplicity of ways.

In the furniture instalment business the trade is usually exclusively local, and an ordinary notification of the date when payment is due, and collector will call, usually accomplishes the desired collection.

In case of default the first duty is to call the customer's attention to the violation of the contract and request immediate remittance.

Until payment is made the ledger sheets, or cards, are placed in a special file as described under the heading of "Delinquent Accounts." There they receive daily attention.

If the second collection date is passed without payment the collector is instructed to industriously follow up the collection, and if his efforts are unsuccessful it is the practice of some houses to mail the delinquent a notice that suit will at once be brought for recovery, the words "Garnishee Notice" being conspicuously printed on the notice in red ink.

Collection Records.

These have been previously referred to in connection with other records. The method illustrated in Diagram 7 may, however, prove a good suggestion for some manager of a collection department. It is used by a Piano Instalment House and has been found very satisfactory. It is a record of automatic pianos but the idea may be used in any instalment business. It avoids all chance of errors in writing or disputes as to amount paid. The form is made in triplicate, one being given to the customer, one to the collector, and one retained by the house. When payments are made the

amount and date are punched both on the office and collector's record, and—by the collector—on the customer's record.

Note Collection Record.

Where an instalment house transacts business largely by notes a special Note Record should be kept, either loose-leaf or card. These may be ruled on front and back and providing for 36 months on each blank.

Delinquent Accounts.

All accounts in arrear should be removed from the regular file, or binder, and placed in a special file, or binder. (Note—This convenient plan is impossible where tabular ledgers are used.) The accounts in the special file, or binder, are scheduled for special attention by the collection department as previously indicated.

It is to be recommended that a list of accounts in arrear be maintained, ruled with columns for—say—thirteen weeks. As each customer's card is transferred to the special file his name is entered on the list and the amount entered in the weekly column to which it belongs. Each subsequent week's payments in arrear is added in succeeding columns, so that this list is an up-to-date summary of all delinquent accounts which are not yet so hopeless as to require writing off to Bad Debts Account.

In the General Ledger a Doubtful Instalment Account should be established and, at certain periods, Instalment Controlling Account should be credited and Doubtful Instalment Account debited. The special file constitutes the ordinary "Suspense Ledger." In most business houses these doubtful accounts receivable are scheduled in the balance sheet as assets at 50% deduction from book value.

Reserves.

It is customary in business houses adopting the best accounting methods to estimate probable average losses from doubtful and bad accounts and to establish a reserve to provide for them. This is accomplished by transferring the required amount each year from the yearly surplus to a Reserve Account, which stands on the books as a capital liability. Bad debts written off are credited to Doubtful Instalment Account and debited to Reserve Account. This method takes care of losses by preventing an excessive distribution of profits by way of dividends, and also clearly indicates if at any time the losses by bad debts exceeds the average.

Delinquent Accounts Adjustments.

After a percentage of loss has been agreed to, this to be added to the regular selling price of goods sold on the instalment plan, a good method is to make a summary of the amount of such percentages added each month and debit the total to Instalment Depreciation Account, crediting it

to Instalment Reserve Account, this account taking the place of the Reserve Account mentioned under the heading of "Reserves," being an alternative plan. This account will, therefore, at all times exhibit the amount of actual loss incurred and the deficiency or excess of the percentage adopted, bad debts written off being debited to Instalment Reserve Account.

To Instalment Reserve account should also be debited losses on account of wear and tear on goods recovered, or repairs to such goods.

Instalment Financial Statements.

Separate Trading and Profit and Loss accounts should be carried for the Instalment Department, the net profit being subsequently transferred to the general Profit and Loss account.

These financial statements would be arranged as per appended tables. Selling expense is frequently a large item, the collectors dividing their time between canvassing and collecting, and reporting accordingly.

Instalment Trading Account.

May 1-31.

	Dr.	Cr.
Cost of goods sold.....	\$2,895.00	
Salesmen's salaries	250.00	
Commissions	175.00	
Sales		\$6,200.00
Gross Profit	2,880.00	
	<hr/>	<hr/>
	\$6,200.00	\$6,200.00
	<hr/>	<hr/>
	1197	

Instalment Profit and Loss Account.

May 1-31.

	Dr.	Cr.
Gross Profit from Trading Account.....		\$2,880.00
Collection Expense	\$ 95.00	
Proportion of Insurance.....	18.65	
Percentage of overhead expense....	156.20	
Net Profit transferred to General P/L Account	2,610.15	
	<hr/>	<hr/>
	\$2,880.00	\$2880.00
	<hr/>	<hr/>
	1198	

The balance of prepaid insurance is included in the general Balance Sheet as a passive asset.

Instalment Profits and Balance Sheets.

A special record should be carried of the cost of goods sold on the instalment plan. Whenever a balance sheet is made up the profit on each sale should be divided by the number of months covering the total pay-

ments, and the amount thus obtained multiplied by the number of months the payments have yet to run.

A recapitulation of these amounts should be made, the total subtracted from the net profit shown in the Profit and Loss Account and separately entered in the Balance Sheet as Accruing Instalment Profits.

While it is justly maintained that the profits are made when the sale is effected, these profits cannot be justly used, or distributed, until the account is paid.

In Form 6 the column headed "Debits" are intended for "Credits."

Account No. _____		Contract No. _____	
Date _____		Deposit \$ _____ c. _____	
Name _____			
Address _____			
Value of Goods \$ _____ c. _____			
Terms _____			
Collector _____			
			Date
			Ratio
			Received
			Balance
			Amount Due

The illustration shows a stack of account books. The top sheet is a ledger form with the following fields:

- Name _____
- Address _____
- Terms _____
- Contact No. _____
- Account No. _____

Below the form is a grid of 100 numbered circles, arranged in 10 rows and 10 columns. The numbers are as follows:

3	7	9	16	23	28	35	42	49	56
63	70	77	84	91	98	105	112	119	126
133	140	147	154	161	168	175	182	189	196
203	210	217	224	231	238	245	252	259	266
273	280	287	294	301	308	315	322	329	336
343	350	357	364	371	378	385	392	399	406
413	420	427	434	441	448	455	462	469	476
483	490	497	504	511	518	525	532	539	546
553	560	567	574	581	588	595	602	609	616
623	630	637	644	651	658	665	672	679	686

Form 4-1200

TABULAR INSTALMENT LEDGER

[illegible]

Form 5-1201

COLLECTION RECORD.

Date of Collection		Cash Deposits	
		\$	¢
2	1	5	1
4	3		2
6	5	10	3
8	7	15	4
10	9	20	5
12	11		6
14	13	25	7
16	15	30	8
18	17	35	9
20	19		10
22	21	40	15
24	23	45	20
26	25		25
28	27	50	30
30	29	55	35
+	31		40
Jan.		60	45
Feb.		65	50
Mar.		70	55
April			60
May		75	65
June		80	70
July			75
Aug		85	80
Sept.		90	85
Oct.			90
Nov.		95	95
Dec.		100	100
1910			
1911			
1912			
1913			

Customer's Name _____
 Address _____
 P. O. No. _____
 Contract No. _____
 Account No. _____
 Collector _____

INSTITUTION ACCOUNTING.

Inasmuch as the ordinary institution and association—such as Charitable Institutions, Municipal Leagues, Merchants and Manufacturers' Associations, Red Cross Relief Associations, etc.—are not supposed to make profits the regular Profit and Loss account is superseded by an Income and Expenditure account, the surplus of the former over the latter agreeing with the year's surplus of assets over liabilities.

As an illustration we append the statements published by an Agricultural and Industrial Exhibition Association.

Income and Expenditure Account.

INCOME.

Donations:	
C. N. R. special prizes	\$ 100.00
C. P. R. special prizes	100.00
Canadian Ayrshire Breeders	25.00
	\$ 225.00
Grants:	
City of Loretta	3,000.00
Provincial Government	4,000.00
Dominion Shorthorn Breeders Ass'n	300.00
Balance Provincial Government	1,000.00
	8,300.00
Exhibition: Gate and grand-stand receipts.....	3,383.75
Entry fees: Exhibition	382.10
Races	\$917.75
Less refund	756.50 161.25
	543.35
Advertisements in prize list	197.00
Exhibition privileges, booths	964.00
Ground space	108.00
Building space	368.50
	1,440.50
Protest fees	5.00
	\$14,094.60

EXPENDITURE:

Outstanding salary I. Rogers, 1909, (not provided for in 1908)	\$ 58.33
Prizes: Exhibition	4,496.75
Indian prizes	137.00
Cost of cups	65.00
Stock judging	9.00
Races	1,137.25
	5,845.00
Postage	192.55
Printing and stationery	131.51
Advertising (including \$98.67—1908)	1,561.83

Office supplies	57.40
Insurance	2.66
Office salaries: Secretary-Treasurer	1,200.00
Clerk	150.00
Stenographer	135.00
	<hr/> 1,485.00
Traveling expenses	77.50
Ground expenses: Attractions, band	1,120.75
Police, attendants, labor	537.25
Office help and gates	370.00
Hay and straw	\$368.30
Less sold	111.50
Lighting	240.00
Decorating	91.00
	<hr/> 2,615.80
Membership American Trotting Association	25.00
Judging and judges' meals	71.25
Badges	202.75
Canadian Northern Railway special train	\$345.00
Less refunded	174.00
Canadian Pacific Railway special train	124.55
Telephone and telegraph	81.61
Freight and express	38.49
Cartage	27.00
Livery	49.25
Bank exchange	4.25
Fuel	9.50
General expense	262.37
Auditing, 1908	36.74
Fines, 1908 (Dom. Shorthorn Association)	19.50
Office furniture, 1908, written off (furniture not showing in 1909 inventory)	100.00
	<hr/> \$13,240.84
Surplus, 1909	853.76
	<hr/> \$14,094.60

1210

ASSETS.

Cash in Bank	\$ 393.96
Cash on hand (since deposited)	196.50
Grants Receivable:	
Dominion Shorthorn Association	300.00
Balance Provincial Government	1,000.00
Accounts Receivable:	
American Trotting Association	50.00
S. Warner, balance traveling expenses	13.00
City of Lovetta for lumbef	937.80
Bills Receivable:	
Johnson Implement Co.	20.00
Dominion Exposition expense	140.15

Dominion Exposition advertising	722.50
Office furniture	172.00
Exhibition fixtures	432.85
	<hr/>
	\$4,378.76

LIABILITIES.

Accounts Payable:

Balance 1908 provision	\$ 6.88
Holman for straw	35.00
	<hr/>
	\$ 41.88

Paid-up Capital 1,000.00

Surplus:

1908 statement	\$2,483.12
1909 surplus	853.76
	<hr/>
	3,336.88
	<hr/>
	\$4,378.76

1211

SNAP SHOTS FOR BUSINESS MEN.

PRO-RATING GENERAL EXPENSE IN A DEPARTMENT STORE.

There are various methods of distributing general and overhead expense, and it is usually considered somewhat of a vexatious problem.

Every department should, of course, bear an equitable share, but whether it is best, or most just, to compute that share on the basis of net sales, or quantities of material sold, or wages paid, is open for discussion.

A large department store has solved the problem to its own satisfaction by pro-rating general and overhead expense (with the exception of rent, light and heat which are distributed on the basis of floor space occupied) over values of inventories on hand. Each department manager is paid a commission on net departmental profits in addition to salary, and the departmental managers are therefore anxious to cut down expenses, and one way to cut down expenses is to take special care not to be overstocked. To avoid being overstocked it is very necessary to purchase salable goods in reasonable quantities and to get rid of goods (by attractive special sales) that have not taken the popular fancy. The results of this method of pro-rating are therefore apparently highly beneficial both to the department managers and to the proprietors of the business, and as the highest-priced goods are also the most profitable, it seems to be quite proper that those departments should bear the heaviest expense burden.

INSURANCE RECORDS.

Fire Insurance Records of a Business.

Insurance companies allow losses on the basis of actual value at date of fire after proper deductions have been made on account of depreciation, wear and tear.

Form 1 is a record of additions to buildings requiring proportionate increase of insurance.

Form 2 illustrates a weekly insurance recapitulation for a large corporation.

Form 3 is a Policy Register.

Form 4 is an Expiration Register.

Form 5 is a card-tickler Expiration Record.

Some Policy Conditions.

Policies become void if—

Actual facts affecting danger to the property insured are suppressed in the application.

Assignment of policy without consent of insurance company.

Obtaining additional insurance from other companies without the consent of the original company.

If a factory works during hours not specified in the policy.

If a factory is shut down without the consent of the insurance company.

If proof of loss is not submitted within 60 days from date of loss.

The Co-Insurance Clauses.

New York standard 80% Co. Insurance Clause:

"This company shall not be liable for a greater proportion of any loss or damage to the property described herein than the sum hereby insured bears to eighty per centum of the actual cash value of said property at the time such loss shall happen.

"In case of claim for loss of property described herein, not exceeding five per cent. of the maximum amount named in the policies written thereon and in force at the time such loss shall happen, no special inventory or appraisal of the damaged property shall be required.

"If the insurance under this policy be divided into two or more items these clauses shall apply to each separately.

"In the event of the insurer having insurance in force to an amount equal to or exceeding eighty per cent. of the actual cash value of his property, the co-insurance clause has no bearing whatever upon an adjustment any more than if it was contained in the policy. If, on the other hand,

the insurance falls below eighty per cent. of the property value and a partial loss is sustained, the clause becomes operative (though in case of total loss it would be to no effect).

"Following is an example illustrating the working of the clause in the case of a partial loss:

Total cash value of the property insured.....	\$10,000
Insurance required under 80% clause.....	8,000
Actual insurance, six-eighths	\$6,000
Insured becomes co-insurer for two-eighths.....	2,000
	<hr/> 8,000
Loss occurs at forty per cent. (\$4,000) of total cash value at	
which companies pay six-eighths, or.....	3,000
And insured pays two-eighths, or.....	1,000
	<hr/> 4,000

"In case of total loss under the same conditions as above, the liability of the insurance companies would be limited to the maximum amount of their policies, \$6,000."

New York standard 100% co-insurance or average clause:

"This company shall not be liable for a greater proportion of any loss or damage to the property described herein than the sum hereby insured bears to one hundred per cent. of the actual cash value of said property at the time such loss shall happen.

"In case of claim for loss on the property described herein not exceeding five per cent. of the maximum amount named in the policies written thereon and in force at the time such loss shall happen, no special inventory or appraisal of the undamaged property shall be required.

"If the insurance under this policy shall be divided into two or more items, these clauses shall apply to each item separately.

"In the event of the insurer having insurance in force to an amount equal to or exceeding one hundred per cent. of the actual cash value of his property, the co-insurance clause has no bearing whatever upon an adjustment any more than if it was not contained in the policy. If, on the other hand, the insurance falls below one hundred per cent. of the property value and a partial loss is sustained, the clause becomes operative (though in case of a total loss it would have no effect). Following is an example illustrating the working of this clause in case of partial loss:

Total cash value of property insured.....	\$10,000
Insurance required under one hundred per cent. clause....	10,000
Actual insurance, six-tenths, or.....	\$6,000
Insured becomes co-insurer for deficiency to comply with	
one hundred per cent. clause, four-tenths, or.....	4,000
Loss occurs at forty per cent. (\$4,000) of total cash value,	
of which the companies pay six-tenths, or.....	2,400
And insured pays four-tenths, or.....	1,600
	<hr/> 4,000

"In case of a total loss, under same conditions as above, the liability of the insurance companies would be limited to the maximum amount of their policies, \$6,000."

INSURANCE RECORDS.

Life, Fire, Accident, Etc.

As in the case of railroads, certain accounting standards are adopted by the standard companies, and the description of methods used requires a separate encyclopedia to do it justice. We therefore illustrate some interesting records which will be found of value to the general accounting student:

Form 6 is a Fire Insurance Agency record with the assured.

Form 7 is a Life Insurance Policy Holder record.

Form 8 is a Life Insurance Policy Loan record.

Form 9 is an Accident Insurance Indemnity record.

Form 10 is a Burglary Insurance Policy record.

INSURANCE AGAINST FIRE LOSS.

An interesting phase of fire insurance in Great Britain consists of policies issued to provide against loss of profits occasioned by fire.

We will just imagine that Messrs. Blank & Co. have had a fire at their warehouse and that the building has been rendered useless for their further occupation. As it usual there is a certain amount of delay in settling the matter with the fire insurance companies, and in the meantime there are certain standing charges which must be met, such as salaries to permanent staff, rates and taxes and many other expenses. Another warehouse is obtained and an early endeavor is made to get the business on a working basis again as rapidly as possible. Nevertheless, it is likely to be a very considerable time before the firm can possibly hope to be on a similar footing again to what they were previous to the fire.

Now when trading is interfered with by fire, a consequent shrinkage in turnover causes a corresponding loss of profits; when the net profit vanishes and the standing charges instead of being defrayed out of revenue have to be met out of the capital thus crippling future profit when business is resumed.

Method of Ascertaining a Loss of Profits Due to the Interruption of Business Following a Fire.

Specimen of Loss Settlement.

Amount of profit insured (Net profit and standing charges) say £12,000 per annum.

A fire occurs for example, on September 29th. A professional accountant is at once mutually nominated by the insured and the company to

determine the amount of loss of profit and increase in cost of working. He certifies each month the loss as specified below and the company pay on receipt of certificate. The total loss in this case is £9449.5. 0.

Method of Ascertaining the Loss.

The accountant in issuing a certificate that the loss is £9449.5. 0. determines this amount in accordance with the terms of the policy as follows:

He ascertains that the amount of profit insured (£12,000) is not in excess of the net profit earned and standing charges declared for the financial year previous to the fire. The standing charges continue to be paid.

That the turnover for the said year is £80,000. Finds the percentage that the amount insured bears to the annual turnover is 15%, viz: £12,000=15% of £80,000.

Thus by a comparison of the trading of the insured after the fire with the normal trading before the fire he arrives at the following:

	Turnover previous to fire	Turnover after fire	Decrease in Turnover		Monthly Loss
	£	£	£	at	£
October	5768	Nil.	5768	15%	865
November	9992	Nil.	9992	15%	1498
December	12632	2138	10494	15%	1574
January	9062	1620	7442	15%	1116
February	4851	2422	2429	15%	364
March	5801	4006	1795	15%	269
April	4889	3784	1105	15%	165
May	5862	5373	489	15%	73
June	5982	5901	81	15%	12
July	4725	5274	Nil.	15%	Nil.
August	4863	5831	Nil.	15%	Nil.
September	5573	6830	Nil.	15%	Nil.
Total decrease in Turnover.....			£39595	Loss	£5939
Loss of profits 15% on.....			£39595=		£5939
In maintaining part of turnover, increase in cost of working amounted to					£3510
Total amount of claim.....					£9449

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In the loss settlement as above it will be noticed that the shortage in turnover is ascertained by comparing the trading after the fire with the trading of the previous year; but, when required, comparison may be made with the average annual turnover for the previous two, three or more financial years, the profits being based on an average over the same period.

ADDITIONS & IMPROVEMENTS											
For			Department.			Insurance Section					
Building \$			Detail Below			Machinery			Detail Below		
Material			Labor			Material			Labor		
Total Material			Total Labor			Total Material			Total Labor		
Insurable Value of Building Increased \$ _____						Insurable Value of Machinery Increased \$ _____					
NOTATIONS BY MAIN OFFICE											
NOTED						ACCOUNTING DESIGNATION					
_____ Dept. Accts.						_____					
_____ Paymaster						Distribution of Accts. _____					
_____ Insurance Dept.						Labor Appropriation _____					
Construction Dept. _____				Superintendent _____				Office Managers _____			

Form 1-1214

CHICAGO PLANT											
RECAPITULATION OF INSURANCE											
AT CLOSE OF BUSINESS, SATURDAY _____ 19__											
RISK	SECTION	VALUE OF STOCK	INSURANCE ON STOCK		PER CENT	INSURANCE ON BUILDING		INSURANCE ON MACHINERY		TOTAL INSURANCE	
			RATE	AMOUNT		RATE	AMOUNT	RATE	AMOUNT		
<i>Wagon Shop</i>	1										
<i>Carriage</i>	2										
<i>Blacksmith Shop</i>	3										
<i>Finishing</i>	4										
<i>Office</i>	5										
<i>Wagon Warehouse</i>	6										
" "	7										
<i>Carriage</i>	8										
" "	9										
<i>Wood Store House</i>	10										
	11										
	12										

Form 2-1215

CARD EXPIRATION RECORD


DATE OF EXPIRATION		Month	Day	Year
Name			Long Number	
			Certificate No.	
Location - Town		State		
Policy Number	Company		Amount	
Policy Written At				
Memo.				

Form 5—1218

FIRE INSURANCE POLICY RECORD

Expires			Name of Assured
Month	Day	Year	
			Address
Policy No.			Company
Property			Amount \$
			Premium \$
			Rate
			Term
			Register Folio

Form 6—1219

Loss No.		Grade	Occupation	Month Paid	Year
Claim No.					
Name of Assured			Age	Employed by	
No. 10 1/2					
HOME TREATMENT CLAIMS	INJURY	State	County	DATE OF POLICY	
		Day	Month	Year	
	Agent or Agency		Policy No.		
	PREMIUM \$		DEATH. \$	Applied.	
			SICKNESS. \$	Paid by	
			INJURY. \$	CHECK No. Days Disabled	Total Amt Paid, \$
Particulars of Disability					
Card		<div style="text-align: center;">  </div>			

Form 9-1222

LEGAL POINTERS FOR THE BUSINESS MAN.

Q. What is a contract?

A. It is an agreement enforceable at law between two or more parties, resulting in obligation. When the obligations are fully performed by both parties to the contract, it is an executed contract. When the obligations are performed by one of the parties and not performed by the other party, it is an executed contract on the one side and executory on the other side. When the obligations have not been performed by either side it is an executory contract.

Q. What are the different kinds of contracts?

A. Parole, or simple contract. Specialty contract. Contract of record. Parole, or simple contracts include all contracts other than those under seal or of record, whether verbal or in writing. Specialty contracts are those under seal. Contracts of record are those contracts made and entered of record before a judicial tribunal, such as judgments, etc.

Q. What two elements must concur to constitute a valid contract?

A. There must be the agreement and the obligation. To constitute an actual meeting of the minds of the contracting parties in the same subject matter and in the same sense. Obligation is the result of the agreement and must be measurable by a money value to be enforceable at law.

LAUNDRY BUSINESS ACCOUNTING.—SPECIAL METHODS AND RECORDS.

The principal items of cost consist of:

Supplies: Machine oil, acids, blue, soda, chloride of lime, etc., starch, soap.

Labor.

Expense: Coal, light, wrapping paper, tags, twine, repairs.

Distribution: Drivers' wages, stable expense, commission.

General Expense.

A weekly summary as per Form 1 will give an excellent comparative statement as to cost of work and revenue derived therefrom, also a check on waste or inefficiency, labor being paid for on a piece-work basis.

Form 2 is a drivers' delivery and collection record. This is made out in duplicate, original to driver and duplicate kept in office. Route lists are made by a card index system, cross-indexed by streets and alphabetically arranged.

The purchase record must be arranged with distribution columns to suit the weekly summary, and this should include everything for which payment is made under the headings of both supplies and expense.

The parcel record should be made out in duplicate, original to customer with delivery, and duplicate retained for reference.

The Trading account will be arranged as follows:

LAUNDRY.

Dr.	Cr.
Inventory, supplies, etc., Sept. 1, 1909	Total charges
Purchases	Inventory, Sept. 8, '09.....
Labor	
Laundry expense	
Gross profit	

Percentage cost on total charges.\$

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PROFIT AND LOSS ACCOUNT

Distribution expense.....\$	Gross profit from Trading
General expense	Account
Net profit	

Percentage cost on total business \$

1224

LIVERY BUSINESS ACCOUNTING.

In an ordinary Livery Business it is very necessary to keep a record of what each horse contributes to the revenue.

The form illustrated looks after this requirement very efficiently, stable expense being distributed according to the number of horses employed.

DAILY EARNINGS					
DAY	EARNINGS		DAY	EARNINGS	
	Ticket No	Amount	Brought Forward	Ticket No	Amount
1					
2			17		
3			18		
4			19		
5			20		
6			21		
7			22		
8			23		
9			24		
10			25		
11			26		
12			27		
13			28		
14			29		
15			30		
16			31		
	Forward		Total		

JOHNSON LIVERY CO.					
Date of Shoes Previous Mo.		Name of Horse _____			
Front	Hind				
		Month of _____ 19__			
Date	Front	Hind	Remarks	Work Done By	Amount
				Proportion - Stable Expense	
				Cost of feed	
				Total Cost	

1228

LEGAL POINTERS FOR THE BUSINESS MAN.

Q. Define void, voidable and unenforceable contracts?

A. A void contract is one entirely destitute of legal effect. A voidable contract is one capable of being affirmed or rejected by one of the parties. An unenforceable contract is one which is perfectly valid, but for same reason cannot be enforced in a court of law, such as contracts barred by the "statute of limitations."

Q. Of what may the offer and acceptances consist to constitute a contract?

A. It may consist of a promise, for a promise, or of a promise for an act, or of an act for a promise, or in case of contract under seal, it may consist of a promise and its acceptance by simple assent.

Q. What is essential before an offer can result in a contract?

A. There must be an absolute and unconditional acceptance of the offer as expressly or impliedly required by the offerer. If an offer is accepted with conditions there is no contract until the conditions are accepted by the opposite party.

LUMBER BUSINESS ACCOUNTING.—SPECIAL METHODS AND RECORDS.

The transactions of an ordinary lumber business usually include logging, planing mill, shingle mill, lath mill, drying kilns, sash and door factory.

The logs are purchased from loggers and the purchase record is arranged with columns for dimensions, the unit being per thousand feet. See Form 1.

If the timber is owned by the lumber company labor records commence with cutting logs and cost of transportation to mill. At the mill the logs are counted on arrival and dimensions checked with lumber inspectors' report of shipment.

The cutting record is distributed over firsts and seconds, select, yard, culls, etc., o. k.'d by inspector.

Records are kept of quantities and dimensions of shingles, lath and crate slats manufactured, and daily summaries of production provided.

The operators time tickets are issued for machine time and bench time, many workmen distributing their time over both classes of operations.

Manufacturing Expense is distributed over productive labor.

Sales are departmentalized according to kinds of production as per Forms 2 and 3.

A great deal of this work is performed on contract. Separate accounts should, therefore, be carried with each contract and actual costs compared with estimated costs. For general principles see Contractors' Accounts.

Form 4 is an illustration of a wholesale lumber sales record, which covers the ground very thoroughly, as an excellent reference. This envelope contains everything pertaining to the order and is filed after the order has been completed and shipped.

One large lumber company owns two retail stores, wholesale store, machine shop, two saw mills, planing mill, shingle mill, stave mill, heading mill, blacksmith shop, railroad, equipment, car repair shop, locomotive repair shop, logging camps, grading camps, electric plant.

Each department carries its separate records.

The Voucher Record is a very elaborate affair so far as its distribution is concerned.

Separate cost and sales accounts are kept with each different kind and grade of lumber as shown in Sales Summary, Form 3, this being accomplished by keeping the usual labor and expense records.

Those lumber concerns who own their timber establish lumber camps

or villages, build houses for mill operators, establish stores and boarding houses, etc. This involves a great deal of detail and the magnitude of a business of this nature may best be appreciated by looking over the following general ledger accounts and making an effort to chart them.

Big Bayou Buildings, Big Bayou Land, Blissville Buildings, Blissville Land, General Buildings, General Land Accounts, Shults Buildings, Shults Land, Portable Houses, Electric Light Plant, Flooring Mill Plant, Kiln and Sheds, Saw Mill Plant "A", Saw Mill Plant "B", Decker Loader and Logger, Live Stock, Harness and Wagons, Telephone Line, Tents, Water Works Plant, Commissary Account, Purchases at Cost, Express Charges, Freight Charges, Purchases, Entire Cost, Commissary Cigar Slot Machine, Commissary Discounts, Commissary Insurance, Commissary Operating Expense, Commissary Profits (gross), Drug Store, Drug Store Operating Expense, Meat Market Operating Expense, Warehouse, Warehouse Operating Expense, Accounts Receivable, Bills Receivable, Bonus Account, Cash B/O, Cash C/O, Fixtures and Furniture B/O, Fixtures and Furniture, C/O, Fixtures and Furniture, Commissary; Fixtures and Furniture, Hotel; Fixtures and Furniture, Franchises and Vested Rights, General Flooring Stock, General Logs Stock, General Lumber Stock, Insurance Advanced, Accident; Insurance Advanced, Boiler; Insurance Advanced, Bonding; Insurance Advanced, Fire; Insurance Advanced, Tornado; Insurance Advanced, Investments, Petty Cash B/O, Petty Cash C/O, Railroad Bonds, Redemption Fund, Reserve Fund, Sinking Fund, Suspense, Timber, Treasury Stock, Unclaimed Wages, Audited Accounts and Vouchers Payable, Bills Payable, Bills Payable Accommodation, Bonds Payable (Mortgage account), Bond Interest Payable, Merchandise Coupons Payable, Pay Rolls and Wages Payable, Surplus, Taxes Payable, Big Bayou Barn Expense, Blacksmith Shop Expense, Blissville Barn Expense, Flooring Mill Operating Expense, Kiln Operating Expense, Live Stock Harness and Wagons Expense, Logging Operating Account, Logs Sawing, Logs Team Hauling (company), Logs Team Hauling (contract), Logs Skidding, Logs Railroad Hauling, Logs Spurs Maintenance, Hickory Bolts Hauling, Hickory Logs Hauling, Saw Mill "A" Operating Expense, Saw Mill "B" Operating Expense, Stumpage, Sundries (on Mfg.), Wood Labor, Yard Labor, Flooring Allowances, Flooring Discounts, Flooring Returned, Lumber Allowances, Lumber Discounts, Lumber Returned, Wood Allowances, Wood Discounts, Wood Returned, Advertising, Auditing, Bank Exchange, Bond Interest Accrued and Paid, Bond Issue Expense, Expense Sundries, Express, Freight, General Labor, Insurance Expired, Accident; Insurance Expired, Boiler; Insurance Expired, Bonding; Insurance Expired, Fire; Insurance Expired, Tornado; Insurance Expired, Interest and Discount (ordinary), Investigating Timber Propositions, Legal Expense, Merchandise Coupons Expense, Office Expense B/O, Office Ex-

pense C/O, Postage. B/O, Postage C/O, Printing and Stationery B/O, Printing and Stationery C/O, Salaries B/O, Salaries C/O, Salaries, Management, Commissions Paid, Salaries on Selling, Traveling Expense on Selling, Flooring Shipping Expense, Lumber Shipping Expense, Wood Shipping Expense, Taxes Accrued and Paid, Traveling Expense, Big Bayou Building Maintenance, Big Bayou Land Maintenance, Blissville Buildings Maintenance, General Land Maintenance, Shults Buildings Maintenance, Blissville Road Maintenance, General Buildings Maintenance, General Farm Maintenance, General Land Maintenance, Shults Buildings Maintenance, Shultz Land Maintenance, Portable Houses Maintenance, Electric Light Plant Maintenance, Telephone Line Maintenance, Tents Maintenance, Water Works Maintenance, Flooring Sales, Hickory Bolts, Hickory Logs, Lumber Sales, Wood Sales, Blissville Garden, Blissville Hotel, Board P/R, Electric Light Revenue, Express Commissions, Freight Overcharges, Insurance, Accident P/R, Licenses and Privileges Granted, Lumber Sundry Sales, Medical Attendance P/R, Penalties, Post Office Revenue, Rents, Farm; Rents, Furniture; Rents, Houses; Rents, Land; Rents, Stores; Rents; Tents; Rents, Wagons; Telephone Commissions, Depreciation, Dividends Declared, Loss and Gain, Rebates, Merchandise Coupons Signed, Stock, Blissville Office General Account.

For suitable form of pay-roll see Mining Business Accounting.

When lumber is conveyed over different lines of railroad it is frequently transferred from one car to another at connecting points. The invoice is made out as shipped by car No. and when received, therefore, the customs does not know by whom it is shipped. To overcome this difficulty a Tracer (Form 5) has been devised.

Claims for freight overcharges are numerous and a Claim Record as illustrated (Form 6) is necessary.

The depreciation of stumpage will be taken up under the head of Wasting Assets.

TRACER

..... LUMBER COMPANY

.....
Please show delivery of below-mentioned car containing pulpwood, giving delivery date and name of company to whom delivered.

No.

Initial

Shipped..... From..... Via.....

Consignedatand order

Given to transfer to..... If contents were trans-shipped en route please advise us at once and continue tracing to show delivery.

Form 5

MAIL ORDER BUSINESS.

This is a department store, all sales being made through the mail. The forms required are of the regular style, and the following up of prospective customers is treated under the sectional heading of "Office and Departmental Methods."

MINING BUSINESS ACCOUNTING.—SPECIAL METHODS AND RECORDS.

Coal Mine.

The principal constituents of mine cost of production are mining labor, loading and hauling to shaft, elevation to surface, weighing of coal mined and sorting out debris, loading on railroad cars and railroad expense, surface labor.

Loading and hauling to shaft includes stable expense for mules.

Hauling to surface includes lubricants, etc., for machinery, maintenance and depreciation, this depending on nature of mine.

Loading on railroad cars includes cost of maintaining switches to railroad tracks.

Surface labor includes all cost department office labor, yard superintendent, foremen, laborers, etc.

The engineer reports on a trip sheet the number of cars of coal drawn to the surface.

The weight of each car (2,000 lbs. to the ton) is entered on the weighmaster's report with notation as to deduction on account of dirty coal.

A record is kept of all coal loaded into railroad cars, sold at mouth of mine, stored for engine or other purposes. A monthly summary exhibits totals of coal mined and its distribution. See Form 2.

Mine labor is paid for by yardage and weight.

Owing to the location of mines it is customary for the corporation to build houses and rent them to the miners, supply coal and fuel to them, and conduct a general store for their convenience. It is therefore necessary to carry some form of account with each miner, a combination pay roll and ledger being a good method to adopt. Each miner is also furnished a statement of account at the end of each month, or other disbursing period, which he signs and returns in exchange for his pay. See Forms 3 and 4.

Mine expense consists of delivery drivers, trappers and trip runners, timbering, pumpers, smithing, repairs, weighmaster, coal dumpers, engineers, stables, sundries, caps, fuses, dynamite, powder, oil, foremen, superintendence, etc., etc.

This is distributed over the prime cost per ton, thus making the unit.

GOLD MINE.

The principal operations are mining and milling, and labor is so distributed.

Mining operations consist of: 1. Stopeing. 2. Trimming. 3. Tunneling. 4. Raising. 5. Timbering. 6. Smithing. 7. Superintendence.

Milling operations consist of: 8. Rock crushing. 9. Millmen.

Indirect labor consists of: 10. Assaying. 11. Hauling. 12. Packing. 13. Maintenance. 14. Experiments. 15. General superintendence. See Form 5.

. For labor voucher see Form 4.

As in coal mining the unit is per ton and a monthly comparative statement is found useful, including rock crushed and milled, and gross yield. See Form 6.

Regular styles of voucher records, voucher checks and stores records are used.

SNAP SHOTS FOR THE BUSINESS WORLD.

AN ACCOUNTS RECEIVABLE CASH BOOK.

In large businesses, where remittances each day from customers are numerous and it is the custom to mail receipts, a great deal of time is saved by providing a duplicate receipt book, the front page having a duplicate heading and line on which to stamp the date, and divided into separate receipts (say—six on a page) by perforation. The duplicate is a plain sheet with the exception of money columns arranged so that the writing of the amounts on the original will exactly fit. A discount column can also be provided.

Post to Accounts Receivable Ledger from the duplicate receipt book, and at the end of each day foot the day's receipts and enter the total in the General Cash Book.

MINE WORKERS RECORD																							
Month of _____ 19__																							
Date	Names		S Allen		F Burke		S Warner																
	Nos.		25		26		27		28		29		30		31		32		33		34		
	T	C	T	C	T	C	T	C	T	C	T	C	T	C	T	C	T	C	T	C	T	C	
1			4	10																			
2			4	09																			
3			5	05																			
tc																							
Totals		51 08																					

Form 3A—1236

EMPLOYEES MONTHLY STATEMENT AND VOUCHER									
Name _____					No. _____				
Month ending _____									
					Debit		Credit		
Rent Coal Supplies _____ _____ _____									
Tons Cwts. Coal Yards Days Total Debit									
Received the sum of \$ _____ in full payment to date									
Signature _____									

Form 4—1237

MOTOR MANUFACTURING BUSINESS.—SPECIAL METHODS AND RECORDS.

This consists of the manufacture and assembly of standard parts which may be listed as follows:

Piston pin	
Cylinder plug	
Cylinder plug stud.....	
Cylinder Stud	
Cylinder plug stud nut.....	
Cylinder relief cock.....	
Port hole gasket.....	
Inlet valve plug.....	
Exhaust valve plug.....	
Piston ring	
Cylinder gasket	
Cylinder cover gasket	
Cylinder cover	
Piston	
Cylinder	
Breather pipe plug	
Breather pipe	
Gear case screw	
Crank case cap screw.....	
Breather pipe flange.....	
Bearing bolt lock nut.....	
Bearing bolt nut	
Bearing bolt	
Crank case bolt nut.....	
Crank case bolt.....	
Oil pan plug.....	
Gear case bolt	

These parts are given serial numbers for each model manufactured, these numbers being stamped on each part when completed. A factory chart is made for each model containing numbers of each part required.

Patterns of these parts are sent to the foundry for castings proper pattern records being maintained.

The usual style of manifold purchase orders is used.

A special form of stock record is used providing for both rough and finished stores on the same card, the object being to trace the movement of stock at one reference. See Form 1.

Requisitions for purchasing and for delivery to factory are regular style.

In addition to the regular production order for so many complete machines, separate sub-shop orders are made to foremen for each part required. See Form 2.

These are made in triplicate, one copy to order tracer (who keeps track of progress of manufacture), one copy to foreman in charge of the work, triplicate to stores-keeper as authority to deliver material required.

Labor records are simple, being mostly for piece-work.

The output of each operator is inspected, an inspector's o. k. tag being attached to each completed part. See Form 3. The inspector makes a report on all defective work and a scrap tag is attached to each part. Form 4.

On labor coupon assembly cards the cost-keepers enter an independent record of output and time occupied by each operator, a coupon for each different job included in the day's work. A recapitulation is made at the foot, which is torn off and compared with the time clock records so that a complete labor record and check on same is effected daily. See Form 5.

The coupons are detached and placed in an envelope provided for each job. When a job is completed a final recapitulation is made of material, labor, direct and factory expense, the units calculated and compared with standard schedule.

Finished parts are stored in Finished Stock room, and delivered to assembling department on authorized requisition, this department being conveniently divided into sub-departments as required.

Factory expense is pro-rated over productive labor and includes foremen, indirect labor, shipping and crating, inspector, stock-keepers, testing repairs, refits, experiments, repairs to motors, maintenance and repairs, machinery, tools, fixtures, buildings, electric equipment.

Separate ledger accounts are kept with the patterns, tools, machines, fixtures, etc., relating to each style of motor.

A daily report of progress of work on production orders is presented to the executive each day as per Form 6.

Each foreman forwards to the superintendent a special report of increased cost of parts. See Form 7.

The scrap tags referred to are ultimately sent to the stores-keeper and constitute authority to deliver extra material.

Companions with standard costs are frequently made during the progress of an order, so that increased cost may be investigated and reduced.

MUNICIPAL ACCOUNTING.—SPECIAL METHODS AND RECORDS.

The records depend upon the nature of municipal enterprises, whether—for example—they operate lighting plants, street railroads and other important undertakings.

Every endeavor is being made to standardize municipal records and these efforts are gradually meeting with success to the great dissatisfaction of political ward heelers who represent the most incompetent members of the body municipal.

Municipal accounting usually consists of taxes periodically assessed and collected, licenses issued and the necessary records of same. For each tax a fund is established, so that the fund accounts occupy the same position in the accounting system as departments in a commercial business.

A summary should be provided, showing estimated amount required and basis of assessment for each fund, amount actually received and amount uncollected.

The management of public utilities should be carried on in the usual commercial manner.

It is not necessary to use bushels of red tape in order to find work for down-at-heels politicians.

Taxes and assessments should be sectionalized—showing the difference between those intended for new construction and improvements—and those intended for repairs and maintenance.

The title "Balance Sheet" is somewhat misleading in connection with municipalities, as the difference between assets and liabilities at any particular period certainly does not represent capital except in relation to ownership of public utilities. It simply represents a surplus which is supposed to be applied the following year to an equalization, or reduction, of taxes.

Mr. F. H. Macpherson's analysis and classification is well arranged and therefore reproduced, together with his explanation of the items included.

In the specification presented, the ordinary expenditures and ordinary revenues are in effect the debit and credit sides of the municipal profit and loss account.

The assets are subdivided into four classes—active, reserve, fixed, and passive.

Active assets comprise cash, which includes the amounts in the treasurer's hands, and the balance due from the bank on accounts current; taxes current and outstanding; tax arrears outstanding; water rates; electric light

rates; rents; advances on account of permanent public works on local improvements; miscellaneous.

Reserve assets include sinking funds on general or local improvement accounts and other specially invested funds.

Fixed assets are subdivided under two heads, viz.: necessary investments and speculative investments. The first includes all permanent investments as—water works system, electric light system, fire halls and apparatus, markets, school buildings and equipment, city hall and furniture, public library, parks, real estate, public works equipment, and other investments of a like nature. The second includes stock held in railway or gravel road companies, or such other enterprises of a public nature as are permitted by statute.

Passive assets represent investments which, while somewhat permanent in nature, are intended to be written off as the debentures issued to cover the cost thereof are reduced, the life of the work and of the debentures to be concurrent. In this class is also included the item of local improvements of an amount equal to the debenture indebtedness outstanding on that account, an annual reduction being made equivalent to the yearly redemption of debentures. Advances by way of bonus also come under this head, the amount to be written off annually running concurrently with the retirement of the debentures which produced the original amount of the bonus.

The second division of the balance sheet—the liabilities—is divided into three classes: Bonded, floating, capital.

Bonded liabilities are subdivided under two heads: Debentures general, debentures issued on account of local improvements, this latter being a direct liability secured by collateral in the form of rights to levy upon the ratepayers interested and benefited by the several works.

Floating liabilities comprise debentures due and unpaid, coupons due and unpaid, loans current, loans on account of local improvements in progress, and accounts payable.

Capital liability represents simply the surplus of assets over liabilities.

Form 2 illustrates a specimen balance sheet of one fund designed by Mr. E. R. Baker.

The assets of a city may be scheduled as follows: Cash on hand, cash in bank, uncollected current taxes, uncollected arrears taxes, uncollected water rates, uncollected light rates, uncollected rents, fund advances, city hall, waterworks, light, police, fire, markets, libraries, schools, museums, hospitals, asylums, cemeteries, docks and wharves, ferries and bridges, sewers, pavements, bath houses, jails, reformatories, public works equipment, stock and other investments, sundries.

Form 3 illustrates a Fund account.

Form 4 is a monthly report of indebtedness, etc., prepared for the city council.

Form 5 is an annual summary of receipts and expenditures.

Specification for Municipal Balance Sheet, Analysis and Classification.

Revenues and Disbursements.		Assets and Liabilities.	
Revenue ...	ORDINARY: Cash on hand and in bank Taxes divided as to years Licenses Bonds, divided as to Public, High and Separate Water Rates Electric Light Franchises Phone and Pave Bonds Loans Other sources	Assets ...	ACTIVE... Cash on hand Cash in bank Taxes / Current Water Rates Light Rates Bonds Advances, Public Works in progress Advances, Local Improvements in progress Other Advances
	EXTRAORDINARY: Loans Current Debentures General Debentures Local Improvements Sinking Fund Sinking Fund Interest Other sources		RESERVE... Sinking Fund General Sinking Fund Local Improvements Special Trust Funds
	ORDINARY: Salaries Waterworks Electric Light Canteen and Charities Board of Works Fire Administration of Justice Police Department Sanitation Parks Market Library Schools, divided as to Public, High and Separate Printing, Advertising and Stationery Interest Sinking and Amortization Contingencies Other sources		FIXED..... Waterworks System Electric Light System Fire Halls and Apparatus Market School Buildings and Equipments City Hall and Furniture Public Library Public Park Sewer Hospital Public Works Equipment Other necessary Investments
Expenditure	EXTRAORDINARY: Loans Current Debentures General Debentures Local Improvements Interest-General Improvements Interest-Local Improvements Debentures Sinking Fund Public Works in progress Local Improvements in progress Other sources	Liabilities	SPECULATIVE INVESTMENTS. Stock in Railway Stock in Gravel Road Companies Other Speculative Investments
			PASSIVE .. Bridges Sewers Pavements Bonds Amort Local Improvements
			BONDED Debentures General Debentures Local Improvement
			FLOATING Debentures, due and unpaid Current, due and unpaid Loans Current Loans Local Improvements in progress Accounts payable Other liabilities
			CAPITAL... Surplus of Assets over Liabilities

SPECIMEN BALANCE SHEET OF ONE FUND

MOVEMENT OF THE FUND

(PURPOSE) FUND

(DATE)

DESIGNED BY
EDWARD HILL BAKER
CRA AUDITOR
CHARTER BOARD
CHICAGO ILL

TREASURY STATEMENT

COMPTROLLER'S STATEMENT

PROPERTY CLERKS STATEMENT

DR
WITHDRAWALS FROM FUND
AND BALANCE

CR
FUNDING OF FUND

OR
EXPENDITURES

CR
APPROPRIATIONS
& TRANSFERS

DR
BALANCE AND NEW OR
LAYS AND DEPLETIONS

CR
FUNDED DEBT AND
NEW BALANCE

FOR WARRANTS COUNTER.

SIGNED TO DATE \$50,000

BALANCE OF ESTIMATED

RECEIPTS RECEIVABLE

OFFSET BY CONTR. 25,000-

BALANCE?

CASH IN HANDS

OF TREASURER \$44,000

LESS HELD FOR

WARRANTS OUTSTANDING

AVAILABLE BALANCE 35,000

REC'D FROM BALANCE

1/16 OF FISCAL YEAR \$-----

REC'D FROM 1902 TAX

LEVY TO DATE 72,800-

ETC

ETC

BALANCE OF ESTIMATED

RECEIPTS RECEIVABLE 25,000-

TRANSFERS AND MISCEL-

LANEOUS RECEIPTS NOT

ESTIMATED IN BUDGET

19,800-

EXPENDED TO DATE

AND ORDERED PAID \$50,000-

DITTO NOT YET

ORDERED PAID

(FLOTTING DEBT) 15,000-

† TOTAL EXPENDITURES

INCURRED, VIZ.

ORDINARY \$60,000

PROPERTY 5,000

BAL. UNEXPENDED

APPROPRIATION 45,000

APPROPRIATIONS \$100,000-

TRANSFERS AND

MISCELLANEOUS

RECEIPTS ON IN

BUDGET ESTIMATES

VIZ

ORDINARY 5000-

PROP DEFLECTION 1,025-10,000-

BAL. PROPERTY ACT

NET OF FISCAL YEAR \$800,000

NEW OUTLAY SEE

ALSO COMPTROLLER'S

STATEMENT) 5,000-

TOTAL \$261,000

LESS DEPLETING SALE

SEE ALSO COMPTROLLER'S

STATEMENT) 1,000-

NET OF PROPERTY

THIS DATE \$800,000

SINKING FUND

ACCUMULATIONS TO

MEET SAME \$10,000 200,000

NET FUNDED DEBT \$600,000

BALANCE:

† EXCESS OF NET AM-

PROPERTY OVER NET FUND

DEBT

1902 1904 0002

\$ 200,000 \$ 200,000

* Similar statements should follow, for each collective fund concluded by a summary set entitled "Recapitulation of all Funds;" and further supplemented by tabular detailed statements, one for each fund, showing departments listed down the page the subject matter above becoming the headings of these tabular statements with inserted figures working across the page.

† Total expenditures are for all obligations, contracts and claims, (including salaries to date) against this fund, which have not yet been ordered paid as well as those which have.

‡ This statement may not apply or relate to Funds which have no connection with fixed assets. A consolidated statement like this of all Funds and of all taxing bodies of a county would be interesting. Last assessed and equalized valuations all property assessable for this Fund was \$150,000,000.

[illegible]

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REPORT OF MUNICIPAL INDEBTEDNESS									
CHARACTER OF OBLIGATION	Amount Issued and the maturity or beginning of the Year	Amount Issued and Liquidated During the Year	Amount Paid and Liquidated During the Year	Amount Outstanding at the Close of the Year					
a. General Bonds									
b. Municipal Industry Bonds									
c. Taxing Limits									
d. Sinking Fund									
e. Municipal Water Bonds									
Total									
VALUATION OF PROPERTY SUBJECT TO TAXATION									
Assessment March 15									
Valuation by Tax Commission									
Total									
TAX RATES OF YEAR 19									
For General Fund	Amount of Tax for 1919		Mills 1 cent		Amount of Tax				

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Name _____ Address _____ Nature of Illness _____																																				
Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Total	Date	Credits	Remarks	

1254

LEGAL POINTERS FOR THE BUSINESS MAN.

Q. What are joint, several, and joint and several contracts, and how should suit be brought under each class?

A. A joint contract is one made by two or more promisors who are together bound to fulfill its obligations, or made to two or more promisees, who may together require the performance of the same.

A several contract is where the respective parties may be separately liable for or entitled to the same debt or performance.

A joint and several contract is one where not only all the promisors are liable together but each is separately liable. A contract cannot be joint and several as to the promisees.

Under a joint contract suit must be brought in the names of all the parties entitled and against all the parties liable.

Under a several contract each party must sue and be sued separately.

Under a joint and several contract the promisee may sue all the promisors jointly or each one separately, but he cannot sue less than all jointly.

PIANO MANUFACTURING BUSINESS.

The majority of the parts composing a first class piano must be hand-made and upon the skill of this work successful manufacture depends.

Only carefully selected lumber is used and this is sawed into strips of from 2" to 4" in width with which the delicate frame-work is built, this method being adopted in order to secure a harmonious arrangement of the wood as this greatly affects tonal results. These parts are glued together, no screws or nails being used.

Separate accounts should be carried with each style of piano. Standard units are established and comparative costs are therefore easily assembled.

The principal parts consist of:

Rast—The wooden frame which forms the back of the upright piano, and the base and sides of the grand piano.

Sounding Board—A device for multiplying vibrations of strings.

Plate—A casting of iron alloy which bears the strain of the strings.

Strings—Imported mostly from Germany.

Rods, levers, hammers, keys, etc.

Case.

PLUMBERS' BUSINESS ACCOUNTING.

Special Methods and Records.

The requirements for this business are similar to those referred to under the heading of Contractors' Business Accounting, including estimates, shop or repair orders, labor records and cost summary.

Material and cost records may be combined.

An extra hour may be charged each day to each job to cover idle time.

A regular percentage is added to labor to meet expenses, and a percentage of profit completes the charge.

A convenient form of cost summary for large jobs is illustrated. In some businesses both supplies and labor are sold at fixed rates instead of adding percentages in order to obtain total costs.

Paper Stock
Cover Stock
Bindery Material
Ink

Machine Composition
Hand Composition
Make-up

Cutting
Ruling
Perforating
Punching
Numbering
Electrotyping

Job Presses
Cylinder Presses
Web Presses
Folding
Binding

Machine Depreciation
Proportion—General Expense.

The actual cost of a number of these items can be computed, and previous experience may be depended upon to appreciate the cost of the remainder.

PRINTING COST ACCOUNTING.—This includes:

Purchase requisitions and orders.
Stores received, issued and on hand.
Job orders and tracers.
Labor records and summaries.
Shop expense, direct and indirect.

PURCHASE REQUISITIONS.—The storekeeper will keep track of all paper stock and ink and report on all regular styles, grades and colors in general use, or on permanent jobs, such as newspapers and magazines, when stock needs to be replenished.

PURCHASE ORDERS.—These should be made in triplicate; original to concern from whom purchased; duplicate to office to be used as tracer or tickler for acknowledgment of orders; date of shipment, prompt transportation, etc.; triplicate to storeskeeper minus quantities ordered so that the storeskeeper makes an independent list of quantities received to be checked with office copy of order and ink invoice. The omission of quantities is arranged by using a short carbon sheet for the triplicate copy of order. See Form 1.

STORES RECORD.—A card, or loose-leaf, record with guide cards for different kinds of material, and regular cards cross-indexed for qualities and sizes. See Form 2.

JOB ORDERS.—A particular form of shop order has been found convenient for the printing business and is almost universally adopted. It is divided into Stock Composition, Press Work, and Bindery departments, and includes full instructions and other necessary particulars.

It is arranged in envelope form, all cost records of the different departments being placed inside as the job progresses, thus providing a complete cost assembly to be filed for reference.

The envelope also contains original copy proofs, and samples of the completed job. See Form 3.

COMBINATION ORDER BLANK AND SHOP ORDER.—Orders are sometimes separate forms, sometimes combined with estimate blank. A very good form includes both duplicate of order blank and shop order, the duplicate being made, as usual, with carbon sheet. See Form 4.

TRACING ORDERS.—The progress of a job from department to department may be kept track of by reports from foremen, entering dates of transfer from one department to another on office copy of Job Order.

WORKMEN'S TIME RECORDS.—These are of ordinary style recording Job Order Number, Operation, Hours, Rate, Amount, the latter being filled in at the office. A daily summary of hours reported as compared with working hours, and press revolutions as compared with daily revolution capacity, will record idle or wasted time. See Form 6.

EXPENSE DISTRIBUTION.—Direct expense is charged to the job on which it was incurred.

Indirect expense includes idle time of machines and operators, maintenance of machines in good, working order, heat, light, power, foremen's and superintendent's salaries, rent, insurance, taxes, estimated depreciation.

The general plan is to complete the average number of working hours per workman per year. Divide average daily, weekly or monthly expense by cost of working hours and the result is the expense unit to be added to cost of labor, both in estimating and completing cost summaries.

Selling, advertising, and general office expense should be recorded separately, as these items do not form a part of cost of production, and will confuse and make shop statistics of small value.

COST SUMMARIES.—A summary of assembled costs on each completed order, exhibiting prime cost, direct and indirect expense, total productive cost, percentage of selling and general office expense, net profit per job. See Form 5.

ORDER NUMBERS.—These should be printed serially on the order blanks, entered in an order register which will be provided with columns for

Date
Job Order No.
Customer's name
Date completed.

and included in the cost summary. No order received will then be overlooked.

Some pointers for ordering printed matter, or advertising copy and halftones, electros, etc. for newspapers and magazines. Summarized from information published in a printer's trade paper:

NUMBER OF WORDS IN A SQUARE INCH.—In calculating the amount of space the manuscript will occupy, the following little table will prove accurate enough for ordinary estimation:

WORDS TO SQUARE INCH.	
Pearl, leaded	50
Pearl, solid	69
Nonpareil, leaded	34
Nonpareil, solid	47
Minion, leaded	27
Minion, solid	38
Brevier, leaded	23
Brevier, solid	32
Bourgeois, leaded	21
Bourgeois, solid	28
Long Primer, leaded	16
Long Primer, solid	21
Small Pica, leaded	14
Small Pica, solid	17
Pica, leaded	11
Pica, solid	14
English	11
Great Primer, solid	7
Double Small Pica	4

THE SIZE OF AN EM.—In measuring type the printer charges so much per em in everything excepting display job work. This price per em is computed by a standard of measurement adopted by printers. An em is the square of the letter m of the size of type used in the composition.

EMS IN A SQUARE INCH.—In setting up descriptive matter for advertisements, especially in long descriptions, the printer generally charges so much per thousand ems. It is essential therefore for the advertiser to know how to measure up his copy to be able to O. K. the bill. Measure the width of the matter, then the length of it; that will give you the number of square inches; multiply the number of square inches by the number of ems in a square inch, first getting the size of the type from the printer.

STYLE OF ENGRAVING IN GENERAL USE IN ADVERTISING.—There are four styles of engravings in general use in advertising—half-tones, zinc etchings, electrotypes and stereotypes.

HALF-TONES.—Half-tones are made direct from photographs or other copy and are exact reproductions in black and white of the copy. The half-tone is reproduced by a mechanical process whereby in transferring the photograph to a copper plate the photograph is made through a screen. On all half-tones will be noticed the little dots and lines which is the screen used in the reproduction. For use in newspapers the half-tone is made through a 65-line screen, or at most a 75-line screen will give the best results. For ordinary magazines printed on a superfinished paper a 110 or a 120-line screen may be used. For highly enamelled paper 130 or 150-line screen is generally used. Screens, however, are made up to as high as 300 lines. As the screen gets finer the result is softer and more difficult to print, requiring that the very highest grade of enamelled paper be used for the 200-line screen.

Half-tones are generally used for reproduction of photographs, wash drawings, oil paintings, photogravures and steel engravings. The copy from which the half-tone is made must be absolutely free from all cracks, spots or other defects as the half-tone is a photographic reproduction of the copy.

ZINC ETCHINGS.—A zinc etching is the simplest mechanical method of reproducing copy. It will not take copy, however, like photographs where there are many half-tones, or light shadows. Zinc etching will simply reproduce black and white and no gray effects can be obtained, therefore copy for zinc etching should be made in what is known as line drawing. It will reproduce black lines or black dots, but not wash or photographic half-tones. The copy should always be made in black and white and not in any other color as zinc etchings are made from photo-

graphic wet plates which will not take pink or blue or any of the colors of the spectrum so well as it will take arbitrary black.

ELECTROTYPES.—Electrotypes are simply either a reproduction of half-tones or zinc plates made by means of a mold being made of the original and then the metal being poured into the mold and a reproduction being made that way.

COMPUTATION OF EMS.

Square Inch	4½ Pt. Diamond	5 Pt. Pearl	5½ Pt. Agate	6 Pt. Nonpareil	7 Pt. Minion
1	256	208	176	144	106
Square Inch	8 Pt. Brevier	9 Pt. Bourgeois	10 Pt. L. P.	11 Pt. Small Pica	12 Pt. Pica
1	81	64	52	44	36

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BLANK BOOK MANUFACTURING.

The manufacture of blank books is usually carried on by printers and manufacturing stationers, and the general principles to be followed in assembling cost records are similar, although there are many added details in respect of departments and their sub-division into operations. The differences are very clearly exemplified in Form 7, which is a complete record of prime cost assembled from material and labor orders as used by a large manufacturer in Indiana.

[illegible]

o. Impressions Jobber

No. Impressions Jobber

No. Impressions Cylinder
 No. Impressions Web
 Pressman
 Feeder

Bindery.

Machine Folding	
Hand Folding	
Gathering.....	Inserting.....
Stitching.....	Trimming.....
Numbering.....	Padding.....
Punching.....	Perforating.....
Rd. Cornering.....	Ruling.....
Cutting.....	Mailing.....

Date Completed

Total

Per Cent Expense

Total Cost

Per Cent Profit

Price Charged

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WORKMEN'S TIME RECORD

NAME L Schneider

Date	Order No	Department	Operation	Hours	Rate	Amount
Aug 21	10742	Press	Feeder	9		

Form 4-1281

Form C-1961

No. 454

Date of Ticket	Date sent to Bindery
Customer's name	Date wanted
Number copies	
Title of Job	
Description of Work	

No. 454

WORK TICKET.

Date of this Ticket	Date sent to Bindery	No. copies
Date Wanted	Date Completed	
Title of Job		
Description of Work		

RECAPITULATION.

Price Charged	Total cost of Labor \$
	Total cost of Stock \$
	All other Expense \$

No Work must be done on any job unless accompanied by this ticket; and employees doing any part of this work must put time and hours consumed on this ticket along with their name. For any further instructions apply to foreman. All cost columns are to be filled at office.

WORK	Workman	TIME		COST
		Hrs.	Min.	
Cutting Paper				
Folding				
Pasting in leaf				
Gathering and Collating				
Pressing Sheets				
Sewing				
Sewing				
Folding Waste				
Putting on waste and pasting				
Cutting books				
Glueing and covering				
Gilding or marbling				
Backing				
Forwarding				
Lining up				
Casing in				
Making Cases				
Lining or pasting boards				
Putting on leather or backs				
Putting on corners				
Making Waste				
Siding up				
Pasting up books				
Shifting				
Perforating				
Numbering				
Cutting Boards				
Cutting Leather				
Cutting Cloth				
Cutting M. paper				
Laying on Gold				
Stamping (Gold)				
Stamping (ink)				
Stamping (black)				
Ruling				
Total Cost of Labor				
STOCK	QUANTITY			COST
Waste				
Boards (kind)				
Leather (kind)				
Cloth (A.Y.D. L. Extra)				
Machine paper				
Cotton cloth				
Cloth and lining paper				
Paper (kind)				
Gold				
Paste glue, etc.				
Total Cost of Stock				
ANY OTHER EXPENSE				COST
Printing				
Boxing				
Drayage				
Wrapping				
Dies				
Total other Expenses on Job				

I have examined the above and find it correct.

FORMER

PUBLISHING BUSINESS ACCOUNTING.

SPECIAL METHODS AND RECORDS.

As most publishers—newspaper and magazine—own their plants, the most important feature of their accounting methods is the record of cost of production, this being similar to that described under the heading of *Printing Business Accounting*.

Subscription and advertising records must also be provided.

Separate trading accounts must be provided for each book or periodical published.

Subscription cards are made out for subscribers giving date, name, address, and cross-indexed for date of expiration. Expiration notices should be mailed or delivered with the last numbers completing the subscription.

Advertising records include position, page, rate, amount, date of insertion, receipt of corrected proofs, etc.

A route list must be prepared for delivery instructions.

Separate accounts must be carried with advertising and subscription solicitors.

A newspaper trading account will be assembled as follows:

DR.	CR.
Inventory Sept. 1.	Subscriptions
Paper	Advertising
Composition	Inventory, Sept. 30
Electros and Half-tones	
Ink	
Press work	
Reporters and contributions	
Photographs	
Gross Profit	

LEGAL POINTERS FOR THE BUSINESS MAN.

Q. Must the offer be made to a definite ascertained person?

A. The offer must be definite and certain as to subject matter, but it may be made to a definite ascertained person or to any one of the public generally who may accept it, but no contract can arise until the offer has been accepted by a definite ascertained person.

Q. What is consideration which will support a contract?

A. Some right, interest, profit or benefit accruing to the one party, or some forbearance, detriment, loss or responsibility given, suffered, or undertaken by the other.

ADVERTISING RECORD

Address

Commission

Remarks

Date of Contract		Space	No. of Inset's	From		To		Rate		Terms	

Month	Amount	Mag. Page	Posting Check	Month	Amount	Mag. Page	Posting Check
19 Jan.				19 July			
Feb.				Aug.			
March				Sept.			
April				Oct.			
May				Nov.			
June				Dec.			

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ADVERTISING ORDER				FOR		PRINTING DEPARTMENT	
Mr. <u>Franklin</u>				Date <u>April 21st</u>		REMARKS	
Kindly set and submit proof to this office of the ad of <u>Sunny Jim</u>				This ad is for the issue of <u>June</u>		194 <u>First page following reading</u>	
Space <u>One</u> Page <u>Times</u> <u>One</u>				Cuts <u>recomp.</u> Key No <u>176</u>		PAGE <u>5</u>	
Copy <u>Attached</u>				Copy <u>in</u> Pos. <u>F.R.</u>		CUTS <u>in</u> Pos. <u>F.R.</u>	
Proofs Required <u>5</u>				Agent <u>Watson</u>		NAME <u>Sunny Jim</u>	
Agency <u>Watson</u>				Position Requested <u>First following reading</u>		SPACE <u>16</u>	
Position or Opt. <u></u>				SPECIAL INSTRUCTIONS		DATE	
Signed <u>A. J. Spalding</u>							

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RAILROAD ACCOUNTING.**Steam Railroads.**

A complete system has now been established by the Interstate Commerce Commission, the classification covering operating revenues, operating expenses, outside operating revenues, outside operating expenditures.

Revenues are subdivided into Transportation and Other than Transportation.

Transportation Accounts.

1. Freight Revenue.
2. Passenger Revenue.
3. Excess Baggage Revenue.
4. Parlor and Chair Car Revenue.
5. Mail Revenue.
6. Express Revenue.
7. Milk Revenue (on Passenger Trains).
8. Other Passenger-train Revenue.
9. Switching Revenue.
10. Special Service Train Revenue.
11. Miscellaneous Transportation Revenue.

Other Than Transportation Accounts.

12. Station and Train Privilege.
13. Parcel-room Receipts.
14. Storage—Freight.
15. Storage—Baggage.
16. Car Service.
17. Telegraph and Telephone Service.
18. Rents of Buildings and Other Property.
19. Miscellaneous.
20. Joint Facilities Revenues Dr.
21. Joint Facilities Revenue Cr.

Operating Expenses are classified under five main headings and 123 accounts.

The main headings are:

- Maintenance of Way and Structures.
- Maintenance of Equipment.
- Traffic Expenses.
- Transportation Expenses.
- General Expense.

The summarized trial balance is assembled as follows:

DEBITS.		Due from connecting lines	
Cost road and equipment		Materials and supplies on hand	
Stocks of other roads		Leased rolling stock	
Bonds of other roads			CREDITS.
Lands owned		Gross earnings	
Land grants of the state		Surplus	
Foreign land grants		Capital stock	
Cash on hand		Funded debt	

Bills receivable	Loans and bills payable
Due from insolvent roads and individuals	Matured interest coupons
Other cash assets	Audited vouchers
Right of way, franchises, etc.	Wages and salaries
Expense inventories	Rents
Interest funded debt	Net traffic balances due other companies
Other interest	Dividends uncalled for
Rentals	Construction contracts
Taxes	Miscellaneous taxes
Due from agents	Interest
Dividends on common stock	Income from other sources

The following standard classification of accounts for street railroad companies is that published for New York State, and will undoubtedly be uniformly used.

The necessary accounting detail in connection with both steam and street railroads is so immense as to require a separate text book for merely a skeleton description, and we, therefore, make no attempt in this direction.

STREET RAILWAY COMPANIES.

Schedule A., Balance Sheet or Indicant Accounts.

Acct. Nos.

	Fixed Capital
S100	Fixed Capital
	Land
S111	Right of way
S112	Other street railroad land
	Intangible Street Railroad Capital
101	Organization
S102	Franchises
S103	Patent rights
S104	Other intangible capital
	Roadway
181	Grading
182	Ballast
183	Ties
184a	Rails, rail fastenings and joints.
184b	Special work
185	Underground construction
186	Track laying and surfacing
187	Paving
188	Roadway tools
189	Tunnels
190	Elevated structures and foundations
191	Bridges, Trestles and Culverts
192.	Crossings, fences and signs
193	Interlocking and other signal apparatus
194	Telephone and telegraph lines.

Electric Line

- S161 Poles and fixtures
- S162 Underground conduits
- S163 Transmission System
- S164 Distribution System

Buildings and Structures.

- S131 Dams, canals and pipe lines
- S132 Power Plant buildings
- S151 Sub-station buildings
- S120 General Office buildings and equipment
- 195 Shops and car houses
- 196 Stations, waiting rooms and miscellaneous buildings
- 197 Docks and wharves
- 198 Park and resort properties

Power Plant Equipment.

- S141a Furnaces, boilers and accessories
- S141b Steam engines
- S142 Turbines and water-wheels
- S143 Gas power equipment
- S144 Power plant electric equipment
- S145 Miscellaneous power plant equipment
- S152 Sub-station equipment
- 153 Cable power equipment
- Rolling Stock and Miscellaneous Equipment.
- S122b Shop equipment
- 201 Locomotives
- 202 Revenue cars
- 203 Electric equipment of cars
- 204 Other rail equipment
- 205 Miscellaneous equipment

Undistributed Construction Expenditures.

- S281 Engineering and superintendence
- S282 Law expenditures during construction
- S283 Injuries during construction
- S284 Taxes during construction
- S285 Miscellaneous construction expenditures
- S286 Interest during construction

Fixed Capital in Other Departments.

- Electric capital, gas capital and railroad capital.
- O110 Land in other departments
- O102 Franchises in other departments
- O103 Patent rights in other departments
- O104 Other intangible capital in other departments
- O120 Tangible capital in other departments

Floating Capital.

Materials and Supplies.

- S10 Materials and supplies.

Current Assets.

- 1 Cash

2	Bills receivable
3	Accounts receivable
4	Interest and dividends receivable
5	Other current assets
	Investments.
300	Investments
	Special Deposits.
311	Coupon special deposits
312	Dividend special deposits
313	Other special deposits
	Prepayments.
321	Prepaid taxes
322	Prepaid insurance
323	Prepaid rents
324	Other prepayments.
	Suspense Accounts.
331	Unamortized debt discount and expense
332	Other suspense
	Re-acquired Securities.
340	Re-acquired securities
	Debt.
360	Funded
	Unfunded
351	Taxes accrued
352	Receiver's certificates
353	Judgments unpaid
354	Interest accrued
355	Dividends declared
356	Bills payable
357	Accounts payable
358	Other unfunded debt
	Reserves.
	Permanent
371	Premiums on stocks
372	Other permanent reserves
	Temporary
373	Contractual
	Required
374	Accrued amortization of capital
375	Unamortized premium on debt
376	Other required reserves
	Optional
381	Casualties and insurance reserve
382	Other optional reserves
	Stocks.
390	Stocks

SCHEDULE B: INCOME ACCOUNT.

STREET RAILWAY OPERATING REVENUES.

I. Revenue from Transportation.

451	Passenger revenue
452	Baggage revenue
453a	Chartered car revenue
453b	Parlor and chair car revenue
454	Mail revenue
455	Express revenue
456	Milk revenue
457	Freight revenue
458	Switching revenue
459	Miscellaneous transportation revenue

II. Other Street Railroad Revenues.

461	Advertising and other privileges
462a	Parcel room receipts
462b	Storage
463	Car service
464	Telephone and telegraph service
465a	Rent of tracks and terminals
465b	Rent of equipment
465c	Rent of buildings and other property
466a	Sale of power
466b	Joint electric power revenue
467	Park and resort revenue
468	Miscellaneous

Revenue from outside operations

Street Railroad Operating Expenses

I. Maintenance of Way and Structures.

701	Superintendence of way and structures
704	Ballast
705	Ties
706	Rails
707	Rail fastenings and joints
708	Special work
709	Underground construction
710	Roadway and track labor
711	Paving
712	Miscellaneous roadway and track expenses
713	Cleaning and sanding track
714	Removal of snow, ice and sand
716	Repairs of tunnels
717	Repairs of elevated structures and foundations
718	Repairs of bridges, trestles and culverts
719	Repairs of crossings, fences, and signs.....
720	Repairs of signal and interlocking systems
721	Telephone and telegraph repairs
722	Other miscellaneous way expenses
S522	Pole and fixture repairs
S523	Underground conduit repairs
S524	Transmission system repairs

S527	Distribution system repairs
724	Miscellaneous electric line expenses
725	Repairs of buildings and structures
726	Other operations—Dr.
727	Joint way and structures—Dr.
728	Other operations—Cr.
729	Joint way and structures—Cr.
730	Depreciation of way and structures

II. Maintenance of Equipment.

741	Superintendence of equipment
S508	Repairs of furnaces, boilers and accessories
S509	Repairs of steam engines
S510	Repairs of hydraulic power plant
S511	Repairs of gas power equipment
S512	Repairs of power plant electric equipment
S513	Repairs of miscellaneous power plant equipment
742g	Repairs of cable power equipment
S528	Repairs of sub-station equipment
744	Repairs of passenger and combination cars
745	Repairs of freight, express and mail cars
746	Repairs of locomotives
747	Repairs of service cars
749	Repairs of electric equipment of cars
750	Repairs of electric equipment of locomotives
752	Repairs of shop machinery and tools
753	Shop expenses
754	Repairs of vehicles
755	Other miscellaneous equipment expenses
756	Other operations—Dr.
757	Maintaining joint equipment—Dr.
758	Other operations—Cr.
759	Maintaining joint equipment—Cr.
760	Depreciation of equipment

III. Traffic.

771	Superintendence and solicitation
772	Advertising
773	Parks and other attractions
774	Miscellaneous traffic expenses

IV. Conducting Transportation.

781	Superintendence and solicitation.
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Group I. Power.

S501	Power plant labor
	a. Power plant superintendence and care
	b. Boiler room labor
	c. Producer labor
	d. Engine labor
	e. Electric labor
	f. Cable power plant labor
S525	Sub-station labor
S502	Fuel for power

S503	Water for power
S504	Lubricants for power
S505	Miscellaneous power plant supplies and expenses
S526	Sub-station supplies and expenses
785	Horse power—revenue car service
786	Power purchased
787	Jointly produced power—Dr.
788	Power exchanged—balance
789	Other operations—Dr.
790	Other operations—Cr.
791	Jointly produced power—Cr.

Group II. Operation of Cars.

802a	Passenger motormen
802b	Passenger conductors
802c	Horse car drivers
802d	Other passenger trainmen
803	Freight and express motormen and trainmen
805	Miscellaneous car service employes
806	Miscellaneous car service expenses
807	Station employes
808	Station expenses
809	Car house employes
810	Car house expenses
811	Operation of signal and interlocking systems
812	Operation of telephone and telegraph systems
813	Express and freight collections and delivery
814	Loss and damage
815	Other transportation expenses
816	Joint operation of cars—Dr.
817	Joint operation of cars—Cr.
S831	Salaries and expenses of general officers
S832	Salaries and expenses of general office clerks
S833	General office supplies and expenses
S834	General law expenses
S835	Insurance
S836a	Relief department expenses
S836b	Pensions
S838	Miscellaneous general expenses
S839	General amortization
S840	Other operations—Dr.
S841	Joint general expense—Dr.
S842	Other operations—Cr.
S843	Joint general expense—Cr.
S844a	Accidents and damages
S844b	Law expenses connected with damages
S845	General stationery and printing
S847	Store expenses
S848	Stable expenses
S849	Undistributed adjustments—balance

Taxes.

S860	Taxes
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	Non-Operating Revenues.
S901c	Rents accrued from lease of road
S801d	Miscellaneous rent revenues
902	Interest revenues
903	Dividend revenues
904	Profits from operations of others
905	Miscellaneous non-operating revenues
	Non-Operating Revenue Deductions.
910	Non-operating revenue deductions:
	a. Rent expense
	b. Interest expense
	c. Dividend expense
	d. Other' operations expense
	e. Miscellaneous non-operating expense
	f. Non-operating taxes
	g. Uncollectible non-operating revenues
	Income Deductions.
921	Interest deductions
922c	Rent for lease of other road and equipment
922	Other rent deductions
	d. Track and terminal privileges
	e. Hire of equipment
	f. Joint facility rents
	g. Miscellaneous rent deductions
923	Sinking Fund accruals
924	Guaranties of periodic payments
925	Loss on operations of others
926	Other contractual deductions from income
927	Amortization of landed capital
928	Amortization of debt discount and expense
929	Amortization of premium on debt—Cr.
	Appropriation Accounts.
931a	Bad debts collected
931b	Other additions to surplus
932	Expenses elsewhere unprovided for
933	Dividends on outstanding stocks
934	Amortization elsewhere unprovided for
935	Appropriations to reserves
936	Gifts to controlled corporations
937	Other appropriations
938	Bad debts written off
939	Other deductions from surplus

SCHEDULE C, CLASSIFICATION OF CAR MILES, CAR SEAT MILES. CAR HOURS

	Car miles and car seat miles.
Y1	Passenger car miles—Active
Y2	Passenger car miles—Idle
Y3	Special passenger car miles
Y4	Mail car miles
Y5	Express car miles

Y6	Freight car miles
Y7	Mixed car miles
Y8	Non-revenue car miles
Y9	Electric locomotive miles

Car hours

SOME FEATURES OF ACCOUNTING USED IN A SUBURBAN STREET RAILROAD.

A contributor to Beach's Magazine of Business contributes the following excellent suggestions:

The accounting for a large intercity road presents many interesting features. This may be said to be divided into two classes, receipts derived from sale of tickets and other revenue from operating, and the disbursements.

We shall consider the tickets first. These are numbered in a series, having started with naught, and continue, beginning with 1, regardless of the points between which they may be good, until 100,000 is reached, when a new series is started, "A-0," "A-1," etc.

After a batch of tickets has been received from the printer they are carefully checked by several counters and placed in the vault. On an agent's requisition for tickets a supply is sent him and a record made of the transaction on form shown in figure No. 1. This being in triplicate serves the three-fold purpose of giving the auditor the agent's receipt for the tickets in question, thus enabling the latter to readily check the accounts of the former; gives the passenger agent a copy for his records and the ticket agent himself has a copy for his own use.

Returns are made every day by all ticket agents of the tickets sold. This is not only done to prevent the accumulation of a large sum in the various stations, but enables the general manager of the road to know exactly the gross earnings of each day.

At this juncture it might be well to show the form reproduced in figure 2, which is rather a clever report. This is made up for the general manager each day and shows the previous day's earnings on the main line and branches, with a comparison of the earnings for the same day last year; the weather conditions and whether or not there was any special attraction which was responsible for unusually heavy traffic.

Tickets taken up by the conductors are sent in to the auditor, in whose office they are sorted and tied up in bundles and held for a period of two months, after which they are destroyed. In the case of the purchase of a round trip ticket to a given point and the return coupon is not returned within the limit which stops its use, the first stub is not held, but if the

return coupon is returned for redemption the amount paid out is charged against the ticket in question, the receipts from traffic being debited for that amount.

Running a railroad naturally calls for the purchase of a large number of supplies, from cars, rails and the larger items to a host of smaller ones. To do this smoothly requires system and in the purchasing agent's office we find the same care for details that must, of a necessity, characterize every feature of a railroad's existence.

Taking the subject in its logical order, we will start with the foreman or department head who wishes to order certain material, and will follow it through until said material is received and paid for.

Each person authorized to order material is furnished with regular requisition forms. These are in duplicate. The original goes to the purchasing agent and the other copy is retained for the information of the one ordering the material. On receiving this form the purchasing agent reverts to his card index for the names of those firms handling that particular line of goods, writing to each for a quotation. When the quotations are all in, the order is made up and sent to the successful bidder. This form is most interesting, being in quadruplicate, each copy bearing the same order number. The original goes to the firm who is to furnish the material; one is retained for the purchasing agent's file; one goes to the department head who first made requisition, and a copy to the auditor; so that everyone having to do with the order, either in its acceptance or payment, is notified at one stroke.

More often it is the case that an approved bill is the only advice the auditor or treasurer has regarding the account in question, but the copy of the order to the vendee is warning that the bill will come and the auditor's office can itself check the bill against the order as well as having the approved bill itself.

At the same time the order is sent to the successful bidder, a set of bill forms are enclosed so that all material will be uniformly billed on the same blanks.

LEGAL POINTERS FOR THE BUSINESS MAN.

Q. What contracts in restraint of trade are void?

A. Agreements in total restraint of trade, and unlimited as to both time and space are void, as are also those limited as to time but unlimited as to space; but agreements limited as to space are held to be good if the restraint under the circumstance of the particular case is not unreasonable.

REAL ESTATE.

This class of business, including investment in, and management of, every variety of property, represents interests of vast proportions covering every inch of the terrestrial globe.

The records required in such a universal enterprise are naturally of great variety. With the development of modern accounting many improved methods have been introduced, some of which we will present:

PROPERTY RECORDS.—In the cost of property is included actual purchase price, filing fees, maps and surveys, and any other expenditure involved in acquisition of the property, such as search for title, deed of sale, and improvements.

PROPERTY DESCRIPTION.—**PROPERTY LOCATION RECORD.**—The search for title is usually undertaken and title guaranteed by a concern incorporated for this purpose. The warranty will include a map of the property, its entire history to date of purchase, dimensions, etc.

Form 1 is suitable for a Real Estate Agent or for the owner, and will contain location and full particulars. Either a card or loose-leaf register would be found convenient, separate sections being provided for property sold and unsold, rented or vacant.

The owner's record is improved by recording particulars of improvements in a different colored ink.

PROPERTY IMPROVEMENT.—Where vacant land is purchased for development into building lots, or residences, these consist of such expenditures as road and sewer construction, light, gas and water costs, paving, grading, etc., sowing grass, planting trees and shrubs.

These expenditures are added to cost of purchase and rank as assets.

PROPERTY MAINTENANCE.—Labor and material for repairs; chargeable against revenue.

PROPERTY EXPENSE.—This includes mortgage interest, taxes, and cost of advertising for tenants or purchasers; chargeable against revenue.

AGENTS CARD RECORD.—Forms 2 and 3 illustrate card index records, which may be sub-divided as desired, to sectionalize:

Vacant Lots for sale.

Vacant Residences, for sale or rent.

Residences Occupied, for sale.

Residences Rented.
 Vacant Flats, for rent.
 Vacant Farms, for sale or rent.
 Towns.
 Streets and Numbers.

AGENTS' CARD INDEX.—Form 4 illustrates a card record provided for prompt location of residential property in a particular district in which a prospective tenants desires to reside.

It also provides for particulars of accommodation offered to roomers and boarders.

FLATS AND OFFICE BUILDING RECORDS.—These require not only individual records for each flat or suite of offices but also a distribution of general expense, such as elevator, janitor, night-watchman service; light, heat, gas and water service; general maintenance; taxes and insurance.

Form 5 is an office building record which gives owner or agent, complete information as to transactions with tenants. It will be noted that this is a combination of office record and tenants' ledger on the card system, which is found very satisfactory in use. A separate card should be provided for each tenant, the preceding tenants' cards being kept for reference as to desirability in case of future applications.

Form 6 is a sectional floor guide card, the tenants of each floor being indexed alphabetically.

Form 7 is a record of Maintenance Expenditures, individual and general.

Form 8 is a record of General Expense. The total of general maintenance and expense is pro-rated over occupied offices by dividing it by total of monthly rents receivable to obtain the necessary amount per suite, and multiplying the unit by individual office rent, thus:

Total maintenance and expense for month of January	\$ 176.00
Total rents receivable	4,050.00
Unit of distribution per \$.....	.04345

The expense column on ledger card for R. Forsyth Co., Nos. 18-20, Floor 3; rent \$60 per month, would therefore be debited with \$2.60.

Form 9 is a monthly summary of rents receivable and collected, and expenditures incurred, in loose-leaf form, a duplicate being forwarded to the owner with check for balance.

RESIDENTIAL RECORDS.—Real estate companies usually undertake the

management and rent collections of large estates, comprising, perhaps, several streets. A card ledger sectionalized by streets, and cross indexed by number and alphabetical distribution will be found very convenient. See Form 10.

The cards of tenants in arrears may be indicated by colored extension tabs.

OWNER'S PROPERTY ACCOUNTS.—In the owner's ledger it is desirable to carry accounts with each property instead of using Real Estate account as a variety of old-style merchandise account. Each piece of property would therefore have:

- a. An asset account
- b. An expense account
- c. A revenue account.

The asset account will be debited with actual cost of acquisition of property.

The expense account will be debited with monthly totals of maintenance and general expense and a proper allowance for depreciation at the end of each year.

The revenue account will be credited with monthly rents receivable, this amount being debited to Rents Receivable Controlling account. Rents received will be debited to cash and credited to Rents Receivable Controlling account, the balance of this account always showing the amount of rent in arrear.

Taxes and insurance should be charged to Taxes account and Insurance account when paid and the unexpired portions carried as assets, debiting the property expense accounts each month with the proper proportion.

TABULAR TENANT'S LEDGER.—Form 11 illustrates a ledger arranged on the horizontal tabular principle, every alternate leaf being narrowed by cutting off the names space, and names being written only once in twelve months. Separate leaves should be used for different owners.

MORTGAGE LOAN REGISTERS.—A loose leaf record is recommended for this class of information as the detail to be provided for would necessitate a very large card and card tray, even if the information is distributed over both sides.

Form 12 covers the requirements in good style, including everything for the consideration of those authorizing the loan

FORM 1.

PROPERTY DESCRIPTION.

Woodward Building.

Date of Purchase..... Price \$..... Deed No.....
 Terms of Purchase.....
 Mortgage, \$..... Rate.....
 Mortgage Payable
 Taxes, \$..... Insurance, \$..... Insurance Premium.....
 Insured with
 Rented for \$..... Terms.....

Frontage Depth..... Alley.....
 Grade..... Sidewalk..... Street paved of.....
 Dimensions of garden..... Lawn.....
 Particulars of garden Lawn.....
 Built of Roof.....
 Description of front and trimmings.....
 Interior Finish Plumbing.....
 Stories..... Rooms..... Cellar.....
 Hall Bath..... Closets.....
 Toilet Laundry
 Heat Light Water.....

Stable

.....

Barns

.....

Remarks

.....

.....

.....

RESIDENTIAL PROPERTY RECORD.

Price Asked	Bells
Lot No.	Sideboard
Block	Kitchen Range
Sec.	Laundry and Tubs
Township	Cellar
Range	Basement
No.	Cistern
Street	Well
Front	Foundation
Stories	Plumbing
Size of Lot	Barn
Size of Bldg.	School District No.
Alley	Photograph Number
Street Paved with	Keys at
Sidewalk—	Transportation
Stone, Brick, Wood	\$
Curb and Gutter	Mortgage at
Sewer in	% Due
City Water in	Tenant
Light in Street	Rental \$
Building	Lease Expires
Cost	Taxes
Date Built	Water Tax
Lighted by	Insured for \$
Heated by	Rate
No. of Rooms	Expires
Finish	Terms Cash \$
Floors	Balance
Bath Room	Exclusive Agency
Closet	Sign
Grates and Mantels	

FORM 3

FARM PROPERTY RECORD.

Tenant's Name	House
Owner	Barns
Price	Granaries
Section	
Township	Mortgage
Range	Rate
State	Due
County	Taxes
No. of Acres	Fences
Acres Tillable	Miles from
Acres Pasture	Water
Acres Meadow	Water
Fruit	Windmill
Character of Land	
Hills	Insurance \$
Level	Distance from school
Rolling	Exclusive agency
	Remarks

1273

ADAMS ST.

46 48 50

State of Building

No. of Floors _____ No. of Rooms _____ Bath Room _____ Closets _____

Cellar _____ Laundry _____ Heat _____ Light _____ Brnq _____

Fixtures _____

Rent _____ Keys at _____

Rooms to rent _____

Rate _____

Board and Rooms _____

Rate _____

Form 4-1274

OFFICE BUILDING RECORD AND LEDGER									
<div style="border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">A</div>					<div style="display: flex; justify-content: space-between;"> <div> Suite Nos. _____ Name of Tenant _____ References _____ </div> <div> Rent \$ _____ Rating _____ </div> </div>				
Occupied from _____ to _____									
Month	Expenditures				Date Paid	CREDITS			
	Repairs	Expense				Balance Due	Amount	Balance Due	Amount
January									
February									
March									
April									
May									
June									
July									
August									
September									
October									
November									
December									
Total									
Net Revenue									

Form 5—1275

21 st Floor	OFFICE BUILDING GUIDE CARD
Bradford Building	

Form 6—1276

TABULAR TENANTS LEDGER								
Property	Tenant	From	To	Rent	Credits			
					June		July etc	
					Pd.	Amt.	Pd.	Amt.
16 St. Clair Ave.	W. Barnes							
16 St. Clair Ave.	D. Brown							
20 St. Clair Ave.								

Form 11—1281

Loan No.
 Name of borrower.....
 Mortgage clause
 Rate of interest
 Amount of mortgage.....
 Amount of bond.....
 Description of land mortgaged.....
 Appraised value
 Mortgage recorded
 Date of loan.....
 Insurance of property
 Taxes
 Water rates
 Assessments
 Interest
 Payments of principal.....
 Chain of title
 Title guarantee

Form 12—1282

MORTGAGE LEDGER OR REGISTER

No of Loan Amounts Name of Parties etc	Description of Land Mortgaged	Approx Value of Property	When and Where Mortgage is Recorded	Date of Loan	Insurance	TAXES			WATER RATES		
						When Due	Amount	When Paid	When Due	Amount	When Paid
Mo. Da. Yr.	Acres	Mo. Da. Yr.	Mo. Da. Yr.	Mo. Da. Yr.	Mo. Da. Yr.	Mo. Da. Yr.	Mo. Da. Yr.	Mo. Da. Yr.	Mo. Da. Yr.	Mo. Da. Yr.	Mo. Da. Yr.
No of Loan Amount					Company						
Borrower PO					Premium						
Manner of Single					Where Pay						
Did Wife Join											
Lender											
PO Int Rate											
Am't of Mfg	Am't of Bkg										

Form 12A—1283 (left hand page)

MORTGAGE LEDGER OR REGISTER

ASSESSMENTS		INTEREST		Date Reported to Mortgagee	Chain of Title	Title Guarantee	Mortgage Clause	Remarks
When Due	Amount	When Paid	When Due					
Mo. Da. Yr.	Mo. Da. Yr.	Mo. Da. Yr.	Mo. Da. Yr.	Mo. Da. Yr.	Mo. Da. Yr.	Mo. Da. Yr.	Mo. Da. Yr.	Mo. Da. Yr.

Form 12A—1283 (right hand page)

MANAGEMENT OF OFFICE BUILDING.

In matters pertaining to building management that of purchasing is of paramount importance. This subject, in the writer's opinion, has not been given the consideration due it.

Not only is there a great saving in purchasing due to the fact that where a number of office buildings, power buildings, apartments, etc., are managed contracts can be made for supplies which are essential to the operation and maintenance of same. It is a well-known fact that all purchases can be made in quantities at reduced prices, and therefore numerous supplies such as incandescent lamps, oils, waste, sponges, chamois, cleaning powder and various other articles can be contracted for and quantity price secured; thus the small buildings save in the decrease in prices, as well as the large buildings profit by the increased consumption. Of course, there is a possibility of buying excessively and it is not economy to purchase, in large quantities, supplies that will last for an indefinite period or are subject to deterioration in time, as it is practically storing the equivalent in funds on which there is no return.

In order to act intelligently the purchasing agent must have a knowledge of requirements.

We insist that a requisition must be made on purchasing department for all supplies and sufficient time allowed to permit obtaining goods from sources where best prices might be obtained. These requisitions must bear the veritable signature of superintendent of building or head of department as the case may be, and should they be for other than ordinary supplies, investigation is made as to necessity, cost, probable saving (if an appliance), etc., and when all data is obtained, matter is referred to proper officer for approval before issuance of order.

Requisitions are made in duplicate, original is sent to purchasing department and duplicate retained by department issuing same. Purchasing agent, upon receipt of proper requisition, duly approved, issues orders on sources from whence he can secure best prices, quality always being considered. Orders are issued in quadruplicate at one writing by the use of carbon paper and book typewriter; original sent to firm securing order, duplicate sent to superintendent of building or head of department, in order that they may know that an official order has been issued and it is their duty to notify purchasing department if goods are not received in a reasonable time. Upon receipt of goods superintendent must certify on duplicate that same have been received in good order and that quantity

and quality is O. K., and return to purchasing department (bills are sent direct to purchasing department). Purchasing agent thereupon makes proper record and certifies as to price and a recapitulation of the total cost of supplies for each building per month, or in fact for any period.

Our method of ready reference of supplies ordered and received is carried on card size 5x8", each card carrying record for two years. We cannot imagine a quicker, more accurate or simpler method, as we can in a few seconds refer to these cards, and all we have to do upon receipt of requisition for such supplies as oils, waste, lamps, soap powder, boiler compound, etc., is to refer to cards and tell at once whether supplies are being used judiciously, or if some article is costing considerable if a substitute could not be used with economy.

In addition to the record card referred to, we have a current card, which is practically a blotter. This card is used for articles kept in stock in supply department, and entries made thereon from requisitions for such articles. They are used extensively for printing and stationery, a vast amount of which is necessary for conducting the business of our three institutions, and as the various departments use a number of similar forms, an entry of the amount, date and quantity furnished each, is made on card. The total consumption for month is then entered on permanent record card and deducted from quantity on hand, thus showing quantity of each article on hand at the last of each month.

LEGAL POINTERS FOR THE BUSINESS MAN.

Q. For what reason can a contract be set aside for want of real consent?

A. There can be no real consent where it was obtained by fraud, mistake, misrepresentation, duress or undue influence.

Q. Distinguish between motive and consideration.

A. Motive is the cause which moves or actuates the party to enter into a contract, while consideration is the benefit or advantage to be derived from the contract. The consideration may be the motive; but motive need not amount to what the law calls consideration.

Q. Can an employer or common carrier exempt himself from liability for negligence?

A. No. It is held that a stipulation in a contract between master and servant, or a common carrier and its patrons that master or common carrier is not to be held liable for negligence is void, as being contrary to public policy. In some jurisdictions the same is true with reference to telegraph companies.

PURCH
 For
 Appr

Original

PURCHASING AGENT

Please furnish the following articles
 For _____ and oblige
 Approved _____

Articles	Quantity Wanted	These columns to be left blank		
		Amount Ordered	No of Order Issued	On Whom

1884

Case No.	102	102			MAX 5000					MIN 250	
Shelf No.	4	6			Lamps incandescent, 110 volts					5 1/2 watts	
DATE	ORDERED	RECEIVED	ON HAND	TOTAL	DELIVERED	BALANCE	COST		FROM WHOM RECEIVED		
Jan 10	500	500	250	750	500	250	\$ 80 00		Suglight Co		
Feb			250		250	-					
Mar	500	500		500	250	250	80 00		Do		

Case No.					MAX 20					MIN	
Shelf No.					Soap powder, Detergent, Peoples Building.						
DATE	ORDERED	RECEIVED	ON HAND	TOTAL	DELIVERED	COST PER LB	COST		FROM WHOM RECEIVED		
Jan 3	1 bbl	250				.04	\$ 10 00		J S Cleggner & Co.		
Feb 2	2 "	500				.04	20 00		Do		

Case No.					MAX					MIN	
Shelf No.					Oil, extra cylinder.						
DATE	ORDERED	RECEIVED	ON HAND	TOTAL	DELIVERED	PRICE PER GAL	COST		FROM WHOM RECEIVED		
Jan 2	1 bbl.	52 Gals				.25	13 00		Waverly Oil Works		
Feb 10	2 "	105 "				.25	25 75		Do		
Mar 25	2 "	104 "				.25	26 00		Do		

1885

ACCOUNTING FOR RETAIL BUSINESSES.

Almost every retail store includes several departments although, as a rule, these departments are not recognized in any book-keeping plan which may be used in the small ones.

The term "retail" is applicable to a large variety of businesses, consisting of those which deal direct with the general public and including

Groceries
Hardware
Bakeries
Confectioners
Stationers
Clothing
Coal
Creameries
Drugs
Furniture
Dry Goods
Liveries
Garages
Mail Order
Millinery
Etc., etc.

In the multitude of small stores simplicity and economy is chiefly looked for although accuracy is undoubtedly desired by the younger generation.

Many short-cut, labor-saving systems have been recommended (more particularly to the retail grocer), and among them freaks such as making all entries in pencil so that wrapping paper may be used for book-keeping records—journalizing direct on the ledger, thus eliminating the journal entirely—the use of single entry, so that no omission, no error will ever be found except by accident.

That the devotion of a little time to the keeping of accurate records with customers and creditors will be found profitable labor will be appreciated by a majority of retail merchants, and this text book will include some of the best methods which are recommended as satisfactory, efficient and economical.

PASS BOOK PLAN.

This system has been used to good advantage in many small stores and may be described as a triplicate credit sales system.

The pass book is another name for a customers folder, in which the order blanks are kept. These pass books are kept in an alphabetical file.

When a purchase is made it is recorded on the order blank, and the duplicate is handed to the customer.

A new blank is made for each purchase.

At the end of the month a statement is made out containing dates and amounts of purchases made during the month. This statement is sent to the customer with the triplicate copies of the order blanks attached. This takes care of the frequent complaint of customers that they have lost their duplicate copies.

The statement is made in duplicate and the duplicate is the ledger account. These statements are kept in a ledger file arranged alphabetically.

A recapitulation of the month's statements gives the total month's sales and this amount is credited to Sales Account.

No itemized statements.

No journalizing.

No ledger posting.

DUPLICATE CREDIT SALES SLIPS SYSTEM.

This system is somewhat similar to the Pass Book system. A folder is provided for each customer in which the sales slips are kept.

When a purchase is made the particulars are entered on the slip and the duplicate handed to the customer. The original is used as the ledger account. When the customer makes a second purchase the first sales slip is taken from the folder and its amount entered on the second sales slip. The current purchases are entered underneath and the footing shows the total due to date. On the last day of the month, therefore, the customer's sales slip shows the total of the month's purchases.

A recapitulation of the month's purchases is made as described under the head of the Pass Book System.

CONTROLLING ACCOUNTS FOR BOTH SYSTEMS.

In the ledger accounts should be carried with Account Receivable, and Sales. In the cash book a separate column should be provided headed Receipts From Customers.

The total of the sales recapitulation should be debited to Accounts Receivable Account. The total of the Receipts From Customers' Account should be credited to Accounts Receivable Account. The balance of this account then exhibits the amount of outstanding customers' accounts.

DUPLICATE RECEIPT BOOKS.

These are recommended to complete both these systems.

RETAIL BUSINESS.

COMBINATION SALES LEDGER AND STATEMENT.—A very convenient and labor-saving method is to place duplicate statement blanks in a loose-leaf ledger with each ledger page—the ledger page showing postings on the left hand side, the statement showing postings on the right hand side, so that one opening shows past and current transactions.

The duplicate statement is the current month's ledger. At the end of the month the items are footed and the total (only) posted to the ledger page on the left hand side.

The duplicate statement is mailed to the customer.

When the customer pays an account make out the receipt in duplicate; attach the original to the customer's account and the duplicate to the office duplicate account.

SEPARATE MONTHLY ACCOUNTS RECEIVABLE ACCOUNTS.

This plan may be recommended for statistical purposes. Provide a columnar cash book with columns sufficient to use three for consecutive months—say—Jan., Feb., Mar. Open separate Accounts Receivable Accounts for each month, debiting the monthly recapitulation totals to the months to which they belong. All receipts for January are entered in January column in the cash book; all receipts for February in the February column, and so on. The total of the January column is posted to the credit of the January Accounts Receivable Account and so on. In this way the ledger will show just how much of each month's accounts remain uncollected, thus becoming a collection record.

Do not have the cash book headings printed but write them in ink each month so that they will be progressive, as all January accounts should be collected by the end of March. Those still uncollected should be removed from the regular folder file to a special folder file for doubtful debts.

RETAIL BAKERY ACCOUNTING.

The requirements of this business differ from those of a grocery business as the wagon drivers not only deliver but take cash and credit orders. The usual method adopted is, therefore, to charge the driver with the goods taken out and credit him with the quantity returned and cash handed in.

Form 1 is the Driver's Charge blank and Form 2 the Driver's Record of Sales Book.

From the Driver's Sales Book a duplicate customer's statement is made which is placed in a folder provided for the purpose and filed away in alphabetical order. Each day further items are added to this statement. At the end of the week the items are totalled and the original used for collecting purposes.

It is advisable to sectionalize the customers folders by driver's routes, as this will facilitate collection and reference.

As the customers in this business are fairly permanent the names section may be torn off at line of perforation thus saving the rewriting of customers names until a new list becomes necessary.

RETAIL DRUG ACCOUNTING.

While this article is intended specifically for the retail drug business the principles may be applied to other retail businesses with equal success. This holds good also in respect of the systems previously described and explained.

A purchase record similar to the illustration shown will give the exact amount of patent medicines, drugs, toilet preparations, stationary, cigars, supplies for the soda fountain, confectionery or sundries purchased each month. Under the heading of Sundries, he will enter such items as hot water bottles and various other articles which do not come under any of the other classifications. When an invoice is received it is entered in the purchase record, crediting accounts payable for the amount of the invoice and charging the various distribution accounts according to the items appearing on the invoice. A ledger account is carried with accounts payable as well as the different stock accounts. At the end of the month the total footing of the accounts payable column and the several distribution columns are posted to their respective accounts. The space designated as a debit to accounts payable and credited to the various distribution accounts is used for entering any returns of purchases. At the right will be noticed special columns for entering the terms and discount allowed on each invoice, as well as the date when paid. The maturity record is used for showing the due date of all invoices by entering the due date under the month in which the bill is due and payable.

A form of combination statement, customer's ledger account and sales record is shown. As credit sales are made each day, the amounts are entered directly upon this statement, one of which is carried for each customer having an open account with the store. Any payments on the account during the month are also entered so that at the end of the

month, or, in fact, at any time during the month, the invoice for any month, or, in fact, at any time during the month, the invoice for any customer is ready for him at a moment's notice. This means the saving of a considerable amount of time and labor in sending out statements, as the proprietor merely detaches the statement by means of the perforation, and keeps a carbon copy as his permanent ledger account. At the right of the carbon copy will be noted a distribution of sales according to the proper classifications.

At the end of each day the totals of the various credit sales are summarized upon a daily sales record as shown, giving the name of the account, the aggregate amount of credit sales, as well as the amounts belonging to the respective departments. The footing of the special column denoting credit sales represents the aggregate debit to customer's accounts receivable for the day, and may be posted in total each day to an accounts receivable controlling account, or a single posting may be made at the end of the month.

For cash sales the multiple cash register system is recommended, having one drawer for each department and designated by a special letter or number. For example, if patent medicine is indicated by drawer 1, a cash sale in this department would be registered by pushing a lever to number 1 on the multiple cash register, automatically recording the cash sale for the proper department. At the end of the day a summary of the cash sales should be made and the total amount for each department entered in the daily sales record under the different departments designated as cash sales, and the aggregate amount entered under sales, in the cash sales column, also the same amount must appear on the debit side of the cash book in order to keep an accurate record of cash and maintain an agreement between the cash sales and cash receipts therefor. By referring to the daily sales record it will be noted that the total sales as shown by the two special columns thereunder must agree with the totals of the cash and credit sales respectively for all of the departments. In bringing forward the daily totals and adding thereto the daily sales, the proprietor has a summarized sales record which affords excellent comparative statistical sales statement.

In referring to the cash book it will be noted that a special column appears upon the left hand side as a credit to accounts receivable, in which are entered all payments on account by customers during the month. The total for each day may be posted individually or the aggregate sales of the month will be posted in total on the last day, so that the difference

between the total debits as shown by the special credit column under sales in the daily sales record, and the total credits as shown by the special accounts receivable in the cash book, must agree with the balance of the accounts receivable controlling account in the ledger, and will represent at the end of each day the amount of accounts receivable outstanding. The cash sales are entered in the cash book in total, while the total cash received from cash sales and payments on accounts receivable is entered in the column headed Total. As deposits are made in the bank the amount is credited to cash and entered in the bank column on the debit side of the cash book denoting a deposit. When payments of invoices for purchases are made by check, the bank column on the credit side denoting withdrawals is credited with the amount and accounts payable debited. The check number is also given. If accounts payable are made by cash the credit is shown as a cash payment. The difference between the total credits to accounts payable, as shown in the purchase record, and the total debits as shown in the cash book, must agree with the balance of the accounts payable controlling account carried in the general ledger, and will represent the amount of the invoices owing by the proprietor. The special columns on the credit side denoting expenses are used for classifying the various expense items, and are posted in total to their respective ledger accounts at the end of the month.

The system of accounting outlined is very brief and simple and possesses exceptional merit on account of its unusual efficiency from the standpoint of presenting without additional labor a condensed statement of affairs which enables the proprietor to keep in touch with his business at all times.

CREAMERY BUSINESS ACCOUNTING.

The small creamery obtains its milk and cream from the farmers located in the vicinity, and the first necessity is to record the raw material received. Each farmer is given a number and as the supplies are received they are weighed and tested and the number of pounds entered against the farmer's number on Form 9.

At the end of each month the columns on this record are footed, showing the number of pounds received from each farmer.

The ledger accounts (Form 10) are numbered to correspond with Form 9, and contains columns in which are entered the number of pounds of milk received, the test results and number of pounds of butter-fat. These particulars are obtained from the Report Blank, Form 11. The

result of the test is presented as a percentage. The net weight of the milk multiplied by the percentage gives the number of pounds of butter-fat which is paid for at a regular price per pound.

The debits in the Farmer's or Purchase Ledger, represent butter furnished in part payment.

A Sales Record (Form 12) is kept for orders from customers, this being a duplicate combination order blank and bill. A regular loose-leaf customers' ledger is carried.

A monthly cost summary is kept, so arranged as to show cost of production, total sales, average selling price and net profit

ACCOUNTING FOR GARAGE.

Garages being now installed in every city, where they are needed both for the renting of automobiles and for their repair, it becomes necessary to provide a system which will clearly disclose cost, expense and profit. The requirements are very simple, and may be listed as follows:

- Call Record
- Chauffeur's Report
- Charge Ticket and Ledger
- Cash Book
- Repair Tag
- Pay Roll
- Gasoline Record
- Monthly Cost Summary

Form 14. Call and Chauffeur Record. Gives time of starting and return, name of party by whom used; chauffeur's report of cash received or charges to be collected.

Forms 14 and 16. Duplicate Charge Ticket. The original is used for collection purposes, and the duplicate is filed as ledger account.

Form 15. Repair Tag containing instructions as to work to be performed, and particulars of material used and time occupied.

Form 7. Payroll with distribution columns for chauffeurs, repairs and office.

Form 18. Gasoline Stock Record.

Form 19. Machines, Tools, Equipment Record.

Form 20. Cash Book with distribution columns.

Form 21. Statistical statements showing net profit.

The general ledger should contain the following accounts:

ASSETS—

- Cash
- Accounts Receivable
- Machines
- Tools
- Equipment
- Furniture and Fixtur

LIABILITIES—

- Accounts Payable
- Notes Payable
- Capital Account

OPERATING EXPENSE—

- Gasoline
- Repairs
- Chauffeurs
- Sundries

GENERAL EXPENSE—

- Office Supplies
- Salaries
- Rent, Insurance, etc.

REVENUE ACCOUNTS—

- Chauffeur Earnings
- Hire Earnings
- Repairs Earnings
- Sundry Sales.

RETAIL COAL RECORD.

An excellent plan is to enter orders received on a triplicate combination Delivery and Sales Ticket.

The original is handed to the customer by the teamster on delivery of the goods.

The duplicate is retained in the office and held in a waiting binder until the triplicate is returned by yard foreman, or shipping department duly O. K.'d as to delivery or shipment.

This plan will be found equally valuable in numerous businesses, such as wholesale and retail groceries, etc.

See illustration appended.

PURCHASE RECORD																
Date	Name	Address	Accounts Payable		Patent Medicines		Drugs		Toilet Preparation		Stationery		Cigars		Soda Fountain	
			Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr

Left Hand Page

Form 3—1288 (left hand page)

PURCHASE RECORD																			
Stationery		Sundries		Terms	Discount	When Paid	MATURITY RECORD												Remarks
Dr	Cr	Dr	Cr				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	

Right Hand Page

Form 3—1288 (right hand page)

CUSTOMERS BILL							
No. _____ <div style="text-align: center; margin: 10px 0;"> BEDFORD FURNITURE CO. Bedford, O. </div> <div style="display: flex; justify-content: flex-end;"> Date _____ 19__ </div> <div style="display: flex; justify-content: center; margin-top: 10px;"> Sold to _____ Address _____ To be delivered _____ Terms _____ Paid on % _____ </div>							
Date	Checked by	Particulars	Price	Items	Totals		

Form 7—1292

PURCHASE ORDER							
No. _____ Original _____ <div style="text-align: center; margin: 10px 0;"> BEDFORD FURNITURE CO. Bedford, O. </div> <div style="display: flex; justify-content: flex-end;"> Date _____ 19__ </div> <div style="display: flex; justify-content: center; margin-top: 10px;"> To _____ _____ </div> <p style="text-align: center; margin-top: 10px;">Please supply at once goods as per following specifications</p>							
Quantity	Checked by	Description	Price	Items	Totals		

Form 8—1293

REPORT BLANK												
Report No. _____					Butter Fat _____ Lbs. Churn Yield _____ Lbs.							
Account No.	5 Gal.	8 Gal.	10 Gal.	Gross	Tare	Net	Test	Butter fat	Price	Posting Check	Amount	Remarks

Form 12—1297

SALES RECORD									
Date	Name	Butter		Buttermilk		L. F.	Total		
		Lbs	Amount	Bbls	Amount				

Form 11—1296

CHARGE TICKET AND LEDGER ACCOUNT

Name _____

Chaufeur _____

Address _____

Machine No. _____

[illegible]

Form 14A-1300

REPAIR TAG

No. _____

Material Used

Name _____

Address _____

Name of Machine _____

Machine No _____

Instructions _____

Commenced _____

Finished _____

Time Employed

Total

Form 15-1301

GASOLINE STOCK RECORD									
Date		From	Quantity	Price	Amount		Date	Used or Sold	On Hand

Form 18-1304

MACHINES, TOOLS AND EQUIPMENT RECORD															
Description and Number _____ From whom purchased _____ Date of Purchase _____ Terms _____															
Original Cost		Extras		Freight and Cartage		Total Cost		Date		Repairs		Depreciation		Present Value	

Form 18-1305

COMBINATION DELIVERY TICKET AND INVOICE						
Name _____ 19						
Address _____						
We herewith make delivery as per your order of _____						
Tons	Cwt.	Description	Price	Items	Total	
Loaded by _____			Delivered by _____			
Date _____ 19						

Form 21—1307**FORM 22.****OPERATING ACCOUNT, JAN. 31ST.**

DR.

1910.
Jan. 1st.
Inventory Machines
Inventory Equipment
and Supplies
Gasoline Used
Repairs
Chauffeurs
Depreciation
Sundries
Gross Profit

CR.

Chauffeur Earnings
Hire Earnings
Repair Department
Sundry Sales
Jan. 31.
Inventory Machines
Inventory Equipment and Supplies.

PROFIT AND LOSS ACCOUNT, JAN. 31ST.

DR.

Office Supplies
Salaries
General Expense
Net Profit.

CR.

Balance down from Operating Account.

THE MANUFACTURING BUSINESS.

Special Methods and Records.

There are many kind of shoe factories, large and small, but as a rule they all make standard styles and sizes, so that a standard schedule is established with which all costs of output are compared.

The operations are numerous and paid for on a piece-work basis.

Material.

Material required consists of:

Glazed Kid	Patent Colt	Sole Leather
Patent Kid	Patent Side	Men's Cut Stock
Mat Kid	Velour Calf	Women's Cut Stock
Mat Calf	Box Calf	Top Prices
Mat Kangaroo	Waterproof Kip	
Patent Calf	Side Leather	

Leather Stock Record.

This is usually kept in the cutting room, and this department has, therefore, its own stock record, the quantity of leather cut being the amount disbursed.

Wasted Material.

A record of material wasted in process of cutting is useful as providing a check on the efficiency of the cutters to a certain extent. See Form 1.

A much recommended plan in this connection is a cutter's job card in which instructions are given to cut for a certain number of pairs for a certain style. Sufficient material as per standard schedule is allowed the cutter, and the amount used is recorded, showing a gain or loss. See Form 2.

Leather waste may be disposed of in various ways and is credited when sold to the manufacturing account.

Findings.

A record of findings is also necessary. These consist of sundries such as linings, eyelets, buttons, studs, silk, thread, glue, paste, lacings, tacks, etc., etc.

Labor Records.

The process records show the operations from the cutting room to the shipping room, indicating the astonishing amount of detail constituting the manufacture of an ordinary shoe. To complete the cost record a separate card, or sheet, may be provided for material and findings used, or these details may be entered on the back of the process record. See Forms 3 and 4.

Individual labor records are made by the workmen either on coupons or cards, containing particulars of order number, number of pairs, operation, piece-work rate and amount, the latter to be filled in by cost clerk.

Departmental Costs.

The departments are: Cutting, fitting, bottoming, finishing, shipping.

Labor findings and direct expense may be sectionalized in the usual way, but it is doubtful if a distribution of factory expense over departments yields any particular advantage in this business.

Fluctuating Costs.

It is important to include values on the stores records as leather fluctuates in price, and actual costs should be charged against manufacturing, the standard schedules being changed as found necessary. Abnormal variations on account of purchasing bankrupt stock, etc., should be noted on the cost sheets.

Factory Expense

Should be distributed over productive labor.

Cost Summary.

This is a periodical statement exhibiting quantity and cost of material, findings, direct expense, and general factory expense. See Form 5.

Shipping Records.

In some factories a double check is made on shipments by a duplication of records which, of course, involves extra work, but may be of value in large businesses. The double check is obtained by a shipping record of sizes and quantities which is checked with original order and an independent packers' record checked with the shippers record. See Form 6.

Some factories make a specialty of slippers and soft-soled shoes and the detail is consequently somewhat different to that above described. The departments in a business of this kind are: Cutting, sewing, basting, finishing, packing.

Many labor-saving machines are used, such as punching holes and fastening buttons simultaneously. Findings include laces, bows, buckles, and velvet and canvas is used for uppers.

A cost summary for this kind of manufacture is illustrated by Form 7.

LEGAL POINTERS FOR THE BUSINESS MAN.

Q. What contracts in restraint of marriage are void?

A. Contracts in total restraint of marriage are void; but conditions of restraint in gifts and wills are valid when they are reasonable in respect of time, place and person. For instance, a condition in a will that the devisee shall not marry a certain person, or shall not marry until he reaches a certain age (providing the age is reasonable), would be valid, but not one that the devisee should not marry at all.

CUTTING ROOM STOCK RECORD

Description	Purchases		On Hand		Deliveries													
					M.		T.		W.		T.		F.		S.		TOTAL	
	Lbs.	Ft.	Lbs.	Ft.	Lbs.	Ft.	Lbs.	Ft.	Lbs.	Ft.	Lbs.	Ft.	Lbs.	Ft.	Lbs.	Ft.		

Form 1-1309

CUTTERS JOB CARD

Cut by _____ No. _____ Date Com. _____ Finished _____

Aid _____

Aid _____

Ret'd _____

Ret'd _____

Used _____

Used _____

Loss _____

Gain _____

Case	Gr	Part	Style	Pro	Rate	Total		Tip	Vp	Qr	Fs	Ps	L.S.	Allowance

Form 2-1310

MATERIAL & FINDINGS RECORD							
Style _____				Date _____ 19 ____			
Uppers	Amount	Bottoms	Amount	Summary - Prime Cost	Amount		
Material		Material					
Findings		Findings					
Labor		Labor					

Form 4—1311

FORM 3.
PROCESS RECORD.
Fitting Department.

Operations.	Operations.	Operations.	Operations.
Sciving Quar.	Turn and Shap Vamp	Cement Vamps	Worked Eye .
Sciving Vamp	Turn and Shap Foxings	Past Lace Stay	Bind Tongue .
Sciving Foxings	Turn and Shap Tips	Stitch Lace Stay	Bind Vamps ..
Sciving Tips	Turn and Shap Stays or Fly	Saw Stitchings	Binding
Sciving Stays or Fly	Turn and Shap B. Strap ...	Second closing	Felting
Sciving B. Strap ...	Past Foxings	Past lining and fitting	Vamping
Cement and Trim ...	Sewing on Foxings	Beading	Vamp 2d row
Seaming	Sewing 3d Row on Foxings	Past Gore	Toe seaming .
Staying	Sewing Counters	Past Slip and Trim ..	Stitch Tongue
Lapping	Sides and Tips	Stitching	Barring
Webbing	Back Straps	Mark Buttons	Trimming
Making Linings	Past Tips	Sew on Buttons	Casing
Emb. Top band	Stitch Tips	Tacking	
Turn and Shap Quar	Past Fly	Punch and Eye	Total
Bottoming Department.			
Lasting	Second Lasting	Seat Wheeling	Slugging
Tacking	Seat Nailing	Edge Setting	Fudge Wheeling ..
Tacking Welt	Heeling	Sand Papering	Beading Edges
Sewing	Heel Leveling	Cuffing	Cleaning
Sewing Spring	Heel Trimming	Brushing	
Stocking	Edge Trimming	Finishing	
Fair Stitching	Scouring	Tacking Runners ...	
Leveling	Heel Burnishing	Pricking Edges	Total
Finishing Department.			
Sock-lining	Embossing	Lacing	Ironing
Total			

Form 3 is a comparative sales summary by salesmen.

Shoe Repairing Department.

Separate records should be kept with this department by means of duplicate tag and charge slip. See Form 4. These are treated as cash sales, the receipts being entered in a special column of the cash book, and cost of material and labor debited to Repair account. In making charges a percentage should be added to cover general expense.

STOCK RECORD

STOCK RECORD							
Purchased of _____ Selling Price _____							
Order No.	Shoe No.	Width	Receipts		Sales		On Hand
			Date	Cost Mark	Date	Ticket No.	
	B 205						
	206						
	207						
	208						
	209						
	210						
	211						
	212						
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	300						

SILK THREAD MANUFACTURERS' ACCOUNTING.**.. Special Methods and Records.**

The principle manufacturing costs consist of sorting raw silk into grades, boiling in soap and water, machine winding and spinning, matching, stretching, skeining, dyeing, cleaning, spooling, boxing and labeling.

Labor is mostly paid for on the piece-work plan.

Expense is distributed on basis by production labor.

Forms 1 and 2 illustrate weekly departmental labor tickets.

DAILY COMPARATIVE SALES SUMMARIES																						
Month of <u>March</u> 19 <u>09</u>																		Quantities Sold				
Date	Kinds of Shoes							Repair Jobs	Totals		Inc.	Dec.	Progressive Totals		Inc.	Dec.	Monthly Summary					
	Men's	Women's	Boys	Girls	Rubbers	Slippers	Sundries		1909	1908			1909	1908			Mo.	1909	1908	Inc.	Dec.	
1								200	175	25			200	175	25			Jan.				
2								180	210		30		380	385		5		Feb.				
3								185	136	49			565	521	39			Mar.				
re.																		re.				

Form 1—1319

SOAP MANUFACTURING BUSINESS.**Special Methods and Records.**

The principal details of a cost system for this business consist of—
Material record. Labor on boiled soap: cutter, patcher, trimmer, stamper, boxer.

Labor on fancy soap: Weigher, crusher, miller, cutter, stamper, edger, boxer, wrapper.

Raw material is weighed when placed in the boilers and when taken out. It is poured into large moulds and recorded as finished material on hand.

Necessary waste in cutting tablets is allowed for and regular standard units established.

[illegible]

Form 2-1320

LEGAL POINTERS FOR THE BUSINESS MAN.

Q. What is warranty, and what representation in the law of contract, and what is the difference in effect on contract?

A. A warranty is an undertaking or stipulation in a contract that a certain fact in relation to the subject of the contract is or shall be as it is stated or promised to be. A representation is a statement made by one contracting party to the other, before or at the time of making the contract, in regard to some fact, circumstances or state of facts pertinent to the contract, which is influential in bringing about the agreement. A breach of warranty does not usually avoid the contract; but renders the warrantor liable in damage, while a false representation on a material point renders the contract voidable at the option of the deceived party.

SOAP MANUFACTURING BUSINESS.

Boiled Soap Cost Record.

Operation	Time
Cutter and Date	
Batch Number	
Patcher	
Trimmer	
Stamper and Date	
Size	
How Stamped	
Boxer	
Name of Soap	
Customer's Name	

1321

FANCY SOAP COST RECORD.

Cutting Sheet.

	Batch No.
Name of Soap	
Shape	Size.....
Mould	
Who for and how Stamped	
Weighing Date	Time.....
Name of Weigher	
Crushing Date	
Name of Crusher	
Date of Milling	
Name of Miller	
Cutting Date	
Name of Cutter	
Weight of Tablet	
Number Tabs Cut	
Quantity Scraps	
Number Tabs to Stamp	
Stamping Date	
Name of Stamper	
Number Tabs Stamped	
Number Throw Outs	
Forewoman's Signature	
Date Recd. by Forewoman	
Number Tabs Sound	
Number Throw Outs	
Edged by Whom	
Boxed by Whom	
Wrapped by Whom	
Forewoman's Signature	
Number Taken into Stock.....	Recd. By.....
Number Given for Order and for Whom.....	
Forewoman's Signature.....	

1322

SODA WATER MACHINERY AND SUPPLIES.

Special Methods and Records.

The manufacture of soda-water fountains consists of standard parts, the general principles being similar to those described in relation to other machine manufacturers such as implements, bicycles, motors, stoves, etc. These details need not, therefore, be repeated here.

These fountains are usually paid for on the instalment plan, requiring regular instalment blanks, and collection details such as lease contracts, mortgages or lien notes.

An important feature of selling expense is the installation of the fountain.

There being a large number of traveling salesmen, it may be found convenient to provide a separate ledger, giving each salesman an expense account, a salary account and a commission account.

Accessories and supplies stores records are kept on the usual card index plan. Deliveries to branches and branch sales reports indicate branch stores on hand. See Form 1.

Branch offices use cash books, each alternate sheet being detachable by perforation. The detachable sheet is the original for the main office—the duplicate is the branch office record made by insertion of carbon sheet. See Form 2 for illustration of main office cash book, in which separate columns are provided for each branch as daily reports mean at least 26 entries a month.

LEGAL POINTERS FOR THE BUSINESS MAN.

Q. Name the principal classes of agreement which are void as being contrary to public policy?

A. Agreements tending to injure the public service. Agreements involving or tending to the corruption of private citizens with reference to public matter. Agreements tending to prevent or obstruct public justice. Agreements of immoral tendency. Gambling transaction. Agreements tending to induce fraud or breach of trust. Agreement affecting the freedom or security of marriage relation. Agreements in derogation of the parental relation. Agreements in unreasonable restraint of trade. Agreements exempting a person or corporation from liability for negligence.

Q. If a contract is to be performed in a place other than that where it is made, what laws govern?

A. In such cases the validity of the contract will be governed by the laws of the place where the parties intend to perform it.

[illegible]

Form 1-1323

LEGAL POINTERS FOR THE BUSINESS MAN.

Q. What is the law as to stipulations in a contract, that the party who breaks the contract shall pay a certain amount to the other party?

A. If the amount stipulated was fixed upon in good faith as liquidated damages for the breach, the stipulation is binding, but if it is in the nature of a penalty in excess of any loss likely to be sustained, it is not binding. The courts will not be guided by the name given it in the contract, no matter if it is called a penalty or liquidated damages; if the matter of the contract is of certain value, a sum in excess of that value will be regarded as a penalty, and not binding, while, if the matter is of uncertain value, and the sum fixed is reasonable it will be regarded as liquidated damages, and be binding.

Q. Can a contract impose liabilities upon a third person, not a party to it?

A. No. But a contract between master and servant imposes a duty on third persons not to interfere with its performance by inducing the servant to break it and for a violation of this duty an action will lie. Many courts hold that this doctrine applies to all contracts.

STEAMBOAT ACCOUNTING.**Special Methods and Records.**

This kind of business requires a trading account for each trip of each boat.

The items of this trading account include purchases of provisions, purchases of supplies, wages—engineering department, handling freight, state rooms department, purser's department, dining room department, bar department, cigar department, newsstand and books department, executive department.

Expense—Coal, oil, repairs, water, towing, sundries.

Revenue—Passengers, freight, state-rooms, dining-room, bar, cigars, news-stand and books, sundries.

The purchasing department is handled at the main office (except necessary cash purchases en route), each vessel being debited with quantities and values furnished.

The purser's department reports all cash receipts and expenditures, which are carried into main office books at the end of each trip.

The engineer's and captain's logs are statistical as per illustrations.

Numbered trip and state-room tickets for passengers are provided for each trip, memorandum accounts being carried and every ticket accounted for.

Passenger and freight records are carried, the former being arranged much after the style of hotel registers, with date of entry, destination, class, state-room number, etc.

In the main office a separate account is carried with each trip and comparative summaries provided. Main office expense is pro-rated over trips.

LEGAL POINTERS FOR THE BUSINESS MAN.

Q. How are payments made by a person who owes several debts to the same creditor to be appropriated? —

A. The debtor has the first right to say to which of the several debts his payments shall be applied. 2. If the payments are made without any directions, express or implied, the creditor may within a reasonable time, apply it to any of the debts he chooses, provided they are not invalid or forbidden by statute. 3. If neither party makes the appropriation, the law will appropriate it according to the justice of the particular case.

PASSENGER REGISTER					
Vessel: _____				Trip No. _____	
Date	Port	Destination	Names	Class	State Room No

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CAPTAIN'S LOG								
Vessel: _____					Trip No. _____			
Left: _____ o'clock _____ M.					_____ 19 _____			
Arrived: _____ o'clock _____ M.					_____ 19 _____			
Date	Time	Leaving Dock, Passing Ports, Lighthouses, Arrival	Changes and Delays and their cause	Course	Wind	Weather	Log	Remarks

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STORAGE WAREHOUSE ACCOUNTING.

These records consist principally of:

Record of goods received and delivered.

Basis of charges on varying quantities in storage each month.

Record of Goods Received and Delivered.

The customary method is to carry an account with each customer after the regular stores methods profusely illustrated under that heading. Instead of carrying an account with each article, however, the account is kept with the customer, who is credited with everything received on his account and debited with everything delivered on his order. Such accounts are frequently sectionalized by the rooms in which the goods are stored this indicating location and being useful for insurance purposes. These storage accounts are arranged according to the nature of the business; thus—in the furniture business regular furniture lists are used, these being marked according to the items received and miscellaneous items being entered at the foot of the list.

At the end of each month the customer is charged with the amount due in the regular ledger. In many businesses of this kind, however, no average is struck but a regular charge per month made regardless of withdrawals during that month.

Basis of Monthly Charges to Customers.**BASIS OF MONTHLY CHARGES TO CUSTOMERS.**

George McIntyre—Statement—Nov. 30.

RECEIPTS.	
Nov. 1.....	500 cases
10.....	1,000 cases
15.....	600 cases
20.....	400 cases
	<hr/>
	2,500cases

DELIVERIES.	
Nov. 12.....	1,100 cases
20.....	500 cases
	<hr/>
	1,600 cases

ON HAND.	
Nov. 30.....	900 cases

AVERAGE PROCESS.

RECEIPTS.	
Nov. 1, 500 x 30 days =.....	15,000
10, 1,000 x 21 days =.....	21,000
15, 600 x 16 days =.....	9,600
20, 400 x 11 days =.....	4,400
	<hr/>
	50,000

DELIVERIES.

Nov. 12, 1,100 x 19 days =.....	20,900
20, 500 x 11 days =.....	5,500
	<hr/>
	26,400

$50,000 - 26,400 = 23,600 \div 30 \text{ days} = 786\frac{2}{3}$ cases, rent on which is to be charged at whatever the fixed rate may be.

A regular trading account may be carried with each room, if desired, basing the rental debit for each room on the amount of space it occupies in the building in proportion to the rent paid for the entire building. This will indicate the actual income derived from each room.

TELEPHONE COMPANY ACCOUNTING.

The following is the standard classification of accounts as arranged by the National Interstate Telephone Association.

Classification of Incomes (Receipts).

1. Telephone rentals.
2. Long distance toll earnings.
3. Local toll earnings.
4. Pay station receipts.
5. Pole line earnings.
6. Conduit earnings.
7. Measured service excess calls.
8. Telegraph line earnings.
9. Private toll line earnings.
10. Sale of old material.
11. Miscellaneous income.
12. Interest on bank balance.
13. Messenger fees.
14. Dividends and interest on stocks owned.
15. Any other earnings not covered by above.

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Classification of Construction (Installation and Equipment Accounts).

(A) Pole Lines—This account to include the cost of poles, cross arms, insulators, hardware and all sundry material, including also, the cost of setting and painting poles, freight, cartage, wages and cost of handling.

(B) Wires and Cables (Aerial)—This account to include the cost of all circuit wire, tie wire, drops, cable, cable hangers, sleeves, cable terminals, and all labor employed, including freight and cartage, up to and including the house-bracket.

(C) Interior Wiring and Equipment—To this account will be charged the cost of complete telephone instruments, house cable covered wire, office wire, inside fittings, junction boxes, lightning arresters and all labor employed in installing same.

(D) Subways—This account to include the cost of man-hole frames and covers, eye beams, conduits, cement, paving, lateral bonds, lumber and all freight, cartage, labor and sundry materials used in the construction of subways.

(E) Cable Underground—This account to include the cost of cable and labor putting same in conduit, freight, hauling, tools, splicing, testing and connecting, including terminals, etc.

(F) Exchange Equipment—This account to include the cost of new switchboard, cable, cross connecting boards, storage batteries, charging machines, ringing machines, freight drayages, and the labor of installing same. This account to be used when plant is enlarged or improved and in no case should be confused with repairs to exchange equipment under maintenance.

(G) Booth and Pay Stations—This account to include the cost of private exchange switchboard and the cost of installing complete; and the complete cost of intercommunicating systems including labor, and all materials used, all interior wiring, and telephones installed in connection with private branch exchange switchboard to be charged to Subdivision C under instruction.

(I) Soliciting—To this account should be charged the salaries and expenses of solicitors engaged entirely on new work or extension of plant. If part of their time is engaged in maintaining old business that part should be charged to soliciting, operating.

(J) Right of Way—This account to include the cost of all rights and permits, exclusive of franchises to construct, operate and maintain pole lines or other equipment along or over private or municipal property.

(K) Franchise—This account to include the cost of city or town franchises, granting the right to construct and operate telephone lines and systems and extensions of original property, including all expenses incidental thereto.

(L) Toll Lines—This account to include the cost of all circuit and pole lines, including labor, freight, hauling and sundry materials, erected strictly for toll purposes.

(M) Real Estate and Buildings—This account to include the cost of all real estate and buildings acquired in any manner.

(N) Tool Accounts—To include the first cost of all new tools purchased.

(O) Construction Salaries—Charge to this account all salaries applicable to construction work which cannot be distributed in the foregoing sub-

division. This refers particularly to a proportion of salaries of the general officers of the company.

(P) Interest and Discount During Construction—This account to include the interest paid on all loans effected for construction purposes, also the discounts on stocks, bonds or other securities used by the company and sold at a discount, for construction purposes. Any interest earned by the temporary lending of construction funds to be credited to this account.

(Q) Legal Expenses—Includes all law expenses in connection with organization, franchises, etc. These expenses must not be distributed through the various other accounts—such law expenses as may be incurred in connection with the purchase of rights of way and real estate may be charged to the account "right of way" or "real estate and buildings" provided the expense is incurred only in connection with the purchase of some particular right of way, or piece of real estate.

(R) Construction Expense—Charge to this account all miscellaneous items of expense not directly covered by any other subdivision.

Note—Further subdivisions of cost of construction may be made if deemed necessary.

GENERAL ACCOUNTS—DEBITS.

1. Plant.
2. Accounts receivable, rentals, etc.
3. Unexpired insurance.
4. Unexpired directory.
5. Interest on bonds.
6. Treasury stock.
7. Treasury bonds.
8. General office expense.
9. Freight and cartage
10. Bank accounts
11. Stable expenses
12. Warehouse supplies
13. Furniture and fixtures
14. Petty cash
15. Rebates, cancellations, etc.
16. Officers' and clerks' salaries
17. Collection expense.
18. Soliciting expense.
19. Taxes.
20. Insurance.
21. Light.
22. Heat
23. Power.
24. Water.
25. Damage and accident.
26. Stationery and printing.
27. Postage.

28. Advertising.
29. Directory.
30. Traveling expense.
31. Pole and right of way rental.
32. Interest and discount.
33. Rental of real estate and buildings.
34. Pay station commissions.
35. Telegraph line earning commissions.
36. Long distance toll earning commissions.
37. Private toll line earning commissions.

GENERAL ACCOUNTS—CREDIT.

38. Capital stock.
39. Bonded indebtedness.
40. Unearned rentals.
41. Surplus.
42. Bills payable.
43. Accounts payable, vouchers, etc.
44. Accrued interest on bonds.
45. Accrued taxes, state, city and county.
46. Accrued tax on gross receipts.
47. Unclaimed wages.

Operating Accounts.

1. Salaries and Wages, Local Exchanges—Operators, supervisors, monitors, attendants, etc.
2. Salaries and Wages, Long Distance—Toll operators, supervisors, monitors, attendants, etc.
3. Printing and Stationery—This account to include cost of all printing and stationery used in the operating departments for compiling records, monthly and daily reports.
4. Postage—Cost of all postage used.
5. Light—Exchange Light—This account to include a fair prorata of total light bills which is considered applicable to operating according to existing conditions. Balance of light bills to be charged to the general expense account of light.
6. Exchange Heat—Charge a fair prorata of total water bills to this account as in the case of light and heat.
8. Exchange Power—Charge entire power bill to this account.
9. Exchange Rent—Charge a proportionate amount of rent applicable to operating department.
10. Exchange Miscellaneous Expenses—This account to include the cost of expense of dining room supplies, hospital supplies, medical services, traveling expenses, car fares, and other items incident to the operating

department. In the event of meals being sold to operators or other employees, the proceeds to be credited to this account.

Maintenance Accounts.

- (A) Repairs to pole lines.
- (B) Repairs to wires and cables aerial.
- (C) Interior wiring and equipment.
- (D) Repairs to subway.
- (E) Repairs to cable, underground.
- (F) Repairs to exchange equipment.
- (G) Repairs to booths and pay stations.
- (H) Repairs to private branch exchange.
- (I) Repairs to toll line.
- (J) Repairs to real estate and buildings.

All of the above accounts to include the cost of repairs to and replacements of materials, as listed under Construction, including freight and cartage and all costs of labor employed.

(K) Soliciting—To this account should be charged the salaries and expense of solicitors engaged in maintaining old business.

(L) Repair to Tools—To this account should be charged the cost of all repairs to tools, or cost of tools purchased to take the place of tools destroyed or lost.

(M) Miscellaneous Expense—To provide for all repairs not otherwise specified.

Construction Costs.

The assembling of cost statistics is a work of great magnitude including the construction of toll lines, farmed lines, stringing wire, pole equipment, anchors, cables, laterals, conduits, vaults, etc.

These statistics are very necessary, however, as only in this way can average cost of construction be arrived at and excessive costs prevented or investigated.

Some Operating Schedules.

Poles—Dimensions, location, number, hauling, framing, stepping, digging, setting, expense.

Underground Cables—Location, dimensions, number feet, hauling, rodding, pulling, expense.

Conduits—Location, class, trench feet opened, duct feet laid, hauling, excavating, concrete labor, haying, filling in expense.

The foremen of the different gangs keep daily time sheets as per Form 1.

A telephone company's Lease Ledger on the tabular principle is illustrated on Form 2.

DAILY LABOR REPORT													
Date _____				Location _____				Foreman _____					
Machines	Rate	Wooling		Raddling		Pulling		Expence					
		Hrs	Amount	Hrs	Amount	Hrs	Amount	Hrs	Amount				

Form 1—1329

WOOLEN YARN MANUFACTURING BUSINESS.

Special Methods and Records.

Form 1 is a stock record of raw material, which provides for assorted and ungraded wool on hand, sorted wool and deliveries to wash room and departments. On account of the large number of columns required this record is generally made on loose sheets kept in a binder.

Labor records of each department are made separately per standard number of lbs. washed, sorted, spun, dyed, bleached, scoured, dried, etc. The spinning room labor is divided by number of "mules" used. Labor is usually paid by the hour.

The raw wool is carded and combed into finished comb balls for which a separate stock record is carried.

SECTION III.

PRINCIPLES AND THEORY OF ACCOUNTING.

160. Science of Accounts. A systematic assemblage of the general principles governing the scientific establishment of efficient business records and the operations necessary for their successful use.

"Accountancy thinks out, and thus finds out, with logical and mathematical accuracy, the condition of affairs of any business enterprise."

It includes the devising and supervision of all classes of business methods, as on their successful application depends, in a large measure, successful business results. As an example, we will refer to salesmen's records which, properly arranged, will show the value of each salesman to the business; the increase and decrease of such value; the paying possibilities and results from each department, town or territory.

161. Book-keeping. The keeping of books of record of all kinds of business transactions involving the exchange or transfer of quantities and values—the analysis and classification of same so that net, departmental and individual results may at any time be promptly ascertained, irregularities and inefficiency detected and corrected, unsatisfactory methods changed or improved.

These records consist of three principal classes:

- a. Regular account books,
- b. Auxiliary records,
- c. Statistical records,

to illustrate which we will take a department store.

162. Regular Account Books. Purchase or Voucher Record, Purchase Ledger, Cash Book, Journal, Sales Record, Sales Ledger, Payroll, General Ledger.

163. Auxiliary Records. Invoice File, Maturity Record, Sales Tickets, Daily Cash Balance, Vouchers, Check Book, Collection Record, Shipping Record, Stock Record, Approbation Record, C. O. D. Record.

164. Statistical Records. Department Distribution, Sales Summaries, Trial Balance, Trading Account, Balance Sheet, Comparative Statements.

165. Double-entry Book-keeping. This is based upon the principle of a debit for every credit, and a credit for every debit. It is not necessary, however, to make individual debit entries for every credit entry and vice versa. A number of debit items may be offset by a total credit entry, and a number of credit items may be offset by a total debit entry.

This Encyclopedia contains numerous illustrations of the application of the double-entry system to the requirements of various businesses and it is unnecessary, therefore, to go into great detail under this heading.

We shall, therefore, illustrate opening and closing entries for the business of Adamson, Wilson & Sherman. These parties form a partnership, commencing January 1st, to carry on the sale of two kinds of adding machines in the state of Illinois, having obtained exclusive rights to that territory. The capital invested is:

W. Adamson	\$2,500=5/10ths
A. Wilson	2,000=4/10ths
H. Sherman	500=1/10th
	<hr/>
	\$5,000

Sherman manages the business and receives a salary of \$100 per month.

Net profits are divided equally between the partners, but Adamson and Wilson receive 10% per annum interest on their investments.

One traveling salesman is employed for the state exclusive of Chicago, and one city salesman; also one book-keeper and stenographer (combined) and one office boy.

The adding machines are received on 2% 60 days terms from the manufacturers. Each machine bears a number.

Office and sales-room equipment is purchased as follows:

Three desks	\$ 65.00
Typewriter	100.00
Display fixtures	250.00
Sundries—such as account books, files, stationery and office supplies, chairs, rugs, shipping room and safe.....	335.00
	<hr/>
	\$750.00

Stock of adding machines purchased with which to commence business:

100 Monarch adding and listing machines at \$150 each. (Selling price, \$200.)

50 National cost-keeping machines at \$175 each. (Selling price \$250.)

Transactions during the ensuing six months until transfer to corporation:

Country Sales—

50 adding and listing machines.....	\$10,000
14 cost-keeping machines	3,500

City Sales—

24 adding and listing machines.....	4,800
18 cost-keeping machines	4,500

Salesroom Sales—

10 adding and listing machines.....	2,000
8 cost-keeping machines	2,000

Selling Expense—

Free instruction in use to customers and repairs.....	137
Salesmen's salaries	360
Salesmen's commission (10% in. trav. expense).....	1,725
Advertising and circularizing.....	1,200

General Expense—

Salaries	762.50
Sundries	750.00

166. Opening Entries.**167. Cash Book.**

This book should be provided with the following columns:

Cash Received Side—Discount, Customers' Accounts, General Ledger Accounts, Cash Sales, Monarch; Cash Sales, National.

Cash Paid Side—General Ledger Accounts, Selling Expense, General Expense, Salaries. (As there are only two purchase accounts these may be kept in the General Ledger.)

For treatment of Discount column, see Cash Discount.

Ledger.—This should contain two sections—customers' section in front, general ledger section at back.

Customers' section contains individual accounts with customers.

General ledger contains the following accounts: Customers' Section Controlling account (see use of Controlling account under that heading); Cash, Furniture and Fixtures, Purchases, Monarch Sales, National Sales, Inventory, Selling Expense, Discount, Interest, General Expense, Salaries, Profit and Loss, W. Adamson, A. Wilson, H. Sherman, J. Wilson (country salesman), R. Watkins (city salesman).

CASH BOOK OPENING ENTRIES.

	Dr.		Cr.
Cash	\$5,000.00	W. Adamson	\$2,500.00
		A. Wilson	2,000.00
		H. Sherman	50.00
Furniture and fixtures...	660.00		
General expense (office supplies)	90.00	Cash	750.00

SUMMARY OF THREE MONTHS' RECORDS.**Purchases.**

	Dr.		Cr.
Purchase account	\$23,750.00	Monarch Adding Machine Co.	\$15,000.00
		National Calculating Machine Co.	8,750.00

These postings may be made direct from the invoices, entering the ledger page number.

Sales.

Dr.		Cr.
Customers' accounts.....	\$26,800.00	Monarch sales a/c.....\$16,800.00
		National sales a/c..... 10,000.00

Carry a loose-leaf sales record provided with three money columns headed: Total, Monarch Sales, National Sales.

As orders are received, or cash sales are made, enter them on this sales summary, which will at all times show total sales to date, and distribution to the two kinds of machines.

Debit customers' accounts with individual sales; credit the two sales accounts with monthly totals, thus completing the double entry.

Journal.

Dr.		Cr.
Selling expense (commissions)	\$2,280.00	J. Wilson\$1,350.00
Selling expense (salaries) 360.00		R. Watkins 930.00
		J. Wilson 180.00
		R. Watkins 180.00

Cash.

Dr.		Cr.
Cash a/c	\$18,375.00	Customers' individual a/cs.)\$18,750.00
Discount a/c	375.00	Cash 2,640.00
J. Wilson	1,530.00	Cash 1,337.00
R. Watkins	1,110.00	
Selling expense (advtg., etc.)	1,337.00	

Dr.		Cr.
Monarch Adding Machine Co.	\$ 7,000.00	Cash\$ 9,800.00
Nat'l Calculating Machine Co.	3,000.00	Discount 200.00
Salaries	762.50	Cash 912.50
Gen. expense	150.00	

168. Trial Balance.

Dr.		Cr.
\$ 8,050.00.....	Customers' Controlling A/c.	
7,935.50.....	Cash.	
660.00.....	Furniture and Fixtures.	
	Accounts Payable	\$13,750.00
	W. Adamson	2,500.00
	A. Wilson	2,000.00
	H. Sherman	500.00
23,750.00.....	Purchases.	
	Monarch Sales	16,800.00
	National Sales	10,000.00

3,977.00.....	Selling Expense.	
375.00.....	Discount	200.00
240.00.....	General Expense.	
762.50.....	Salaries	
<hr/>		
\$45,750.00		\$45,750.00

169. Trading and Profit and Loss Account.

Dr.		Cr.	
Purchases	\$23,750.00	Sales	\$26,800.00
Selling Expense	3,977.00	Inventory, April 1st.....	4,150.00
Discount	175.00		
General Expense	240.00		
Salaries	762.50		
Net Profit	2,045.50		
<hr/>		<hr/>	
\$30,950.00		\$30,950.00	

170. Closing Entries and Distribution of Profits.**Journal.**

Dr.		Cr.	
Profit and Loss A/c.....	\$5,154.50	Selling Expense	\$ 3,977.00
		Discount	175.00
		General Expense	240.00
		Salaries	762.50
<hr/>		<hr/>	
Sales Account	\$26,800.00	Profit and Loss Account...	\$30,950.00
Inventory	4,150.00		

Distribution of Profits.

Interest	\$ 450.00	W. Adamson	\$ 250.00
		A. Wilson	200.00
<hr/>		<hr/>	
Profit and Loss Account...	\$ 450.00	Interest	\$ 450.00
<hr/>		<hr/>	
Profit and Loss Account...	\$ 1,595.00	W. Adamson	\$ 797.50
		A. Wilson	638.00
		H. Sherman	159.50

171. Balance Sheet.

Assets.		Liabilities.	
Accounts Receivable	\$ 8,050.00	Accounts Payable	\$13,750.00
Cash	7,935.50	W. Adamson	3,547.75
Inventory	4,150.00	A. Wilson	2,838.20
Furniture and Fixtures....	660.00	H. Sherman	659.55
<hr/>		<hr/>	
\$20,795.50		\$20,795.50	

Inventory stands as a debit to Inventory Account, until the next closing of the books, when the account is credited with the old inventory and debited with the new inventory, the difference being either debited or credited to Profit and Loss Account.

172. Single Entry. This is not a system of book-keeping, because it does not furnish any results the accuracy of which can be proved. By taking inventory of all assets and liabilities the difference can be obtained, but the accuracy, or cause, of the difference is in no way presented.

Taking into consideration the simplicity and efficacy of Double Entry there appears to be no excuse for the existence of Single Entry and no attention will be paid to it in this Encyclopedia.

173. Classification. During the last few years it has become the custom with all important corporations—particularly those who do an interstate business—to distribute to their agents and branches standard classifications of accounts, the principal object in view being to group these accounts in such a way as will most clearly exhibit the foundation and results of business operations.

Under the headings of Railroad and Telephone Accounting we present excellent examples of standard classifications, and this plan is extensively followed by the larger corporations.

174. Classification of Debits.

175. Realizable Assets.

176. Active Assets.

177. Quick Assets.

178. Floating Assets.

179. Current Assets.

180. Circulating Assets.

These are separately classified because they represent assets which can be quickly realized, and which are used in trade and consequently vary from day to day.

In ordinary businesses these assets will consist of: Cash on hand; cash at bank, inventories, accounts receivable, notes receivable, interest receivable, salable securities (shares of stock quoted on stock exchanges, or "gilt-edge" bonds.)

"Inventories" relate exclusively to current stock-on-hand ready for sale.

"Accounts receivable" are current customers' accounts payable on regular terms.

"Notes receivable" are those which, under ordinary circumstances, can be discounted at the bank.

"Cash" is credited with all cash expenditures and debited with all cash receipts.

The variety of these revenues is somewhat surprising to those who have never investigated the subject, and these revenues must be segregated in cash book, ledgers and financial statements. Thus, on a street railroad they include:

- Passenger Revenue
- Baggage Revenue
- Chartered Car Revenue
- Parlor and Chair Car Revenue
- Mail Revenue
- Express Revenue
- Milk Revenue
- Freight Revenue
- Switching Revenue
- Advertising and other privileges
- Parcel Room Receipts
- Storage
- Rent of Tracks and Terminals
- Rent of Equipment
- Rent of Buidings and other property
- Sale of Power
- Revenue from outside operations

In connection with a Telegraph Company we find the following:

- Telephone Rentals
- Long distance toll earnings
- Local toll earnings
- Pay station receipts
- Pole line earnings
- Conduit earnings
- Measured Service excess calls
- Telegraph line earnings
- Private toll line earnings
- Messenger fees

In a hospital the revenues include:

- Ambulance Receipts
- Board-paying Patients
- Board of City and County Patients
- Hospital Nursing
- Pharmacy
- Donations
- Income from Endowment Fund
- Training School Receipts
- Interest on Investments

181. Fixed Assets.

182. Permanent Assets.

183. Capital Assets.

Fixed assets are those which are not acquired for the purpose of sale but are used to facilitate the transaction of business through manufacturing and selling departments, and to provide efficient business records.

As examples, we shall mention real estate, buildings, furniture and fixtures, tools, machinery, furnaces, rolling stock and road-bed of a railroad, gangways, shafts and tunnels of a mine, wires and cables of a telephone company.

184. Passive Assets.

185. Fictitious Assets.

186. Speculative Assets.

Assets of an intangible character, such as franchises, patents, copyrights, ordinary prepayments, suspense.

187. Wasting Assets.

These are assets which depreciate from year to year, but the loss on which cannot be estimated with any degree of accuracy.

Examples may be suggested in mines, clay-pits, lumber companies, etc.

A mine is supposed to be capitalized on the basis of the quantity of coal, or ore, it contains. The withdrawal of the product deteriorates the value of the mine and, for this reason, capital invested in a mine is usually returned to the investors by way of dividend, as when the mine is exhausted the investment is no longer of any value.

A forest, owned by a lumber company, is usually considered to be a wasting asset but, if properly preserved, protected and re-stocked, it should be a perpetual asset.

A manufacturing business purchases its raw material—a mine produces it from its assets. The product of a mine should, therefore, be considered as an asset purchased with capital, the capital expenditures thus consisting of: Estimated value of product based on estimated total output, construction and equipment, labor, expense.

188. Manufacturing Debits.

This classification is susceptible to considerable argument in connection with actual cost of production, maintenance of plant and machinery, and manufacturing expense. In most factories cost of production includes the following items: Prime cost: raw material, labor, direct expense; repairs and renewals of machines, extra equipment and tools for special orders, in-freight, machinery and tool insurance.

Percentage of general factory expense, consisting of such items as

light, heat, power, horse feed, stablemen, roustabouts, foremen, indirect labor, superintendence.

189. Selling Expense Debits. Selling expense includes advertising, samples, salesmen's salaries and commissions, out-freight, premiums to customers, bonuses to salesmen, traveling expenses, exhibition expenses, mail order expenses.

190. General Expense Debits. The general, or administration, expense section includes cost of management and business financing, such as office salaries, collection expense, postage, stationery and printing, interest, discount, legal expense, insurance, taxes.

191. Classification of Credits.

192. Current Liabilities.

193. Floating Liabilities.

Current liabilities are those due from day to day in the regular transaction of business, such as: Accounts payable, notes payable, pay-roll, unearned rentals of a telephone company, accrued interest, unpaid dividends.

194. Reserves. These are not liabilities but offset assets scheduled as debits. They consist usually of provision for estimated depreciation of accounts and bills receivable, machinery and tools, buildings, funds established for the payment of bonded obligations when due, casualty and insurance reserve in a railroad company, depreciation of securities. These reserves are effected by a transfer from profit and loss or surplus accounts thus calling constant attention to the amount of earnings unavailable for distribution.

195. Capital Liabilities. Capital liabilities consist of capital stock, loans for working capital, undivided or undistributed profits, the latter including surplus and balance of current profit and loss account.

196. Manufacturing Credits. It was the custom to credit the Manufacturing account with sales, but modern accountancy prefers a subdivision of Manufacturing Account and Trading Account as per illustrations under the heading of Manufacturers' Accounts.

197. Profit and Loss Credits. These are usually credit balances from trading accounts, but this account also carries all revenues not connected with ordinary business transactions such as interest on deferred payments, interest or dividends on investments, rents receivable.

198. Adjusting Entry.

199. Cross Entry.

200. Opening Entry.

201. Closing Entry.

A journal entry made for the purpose of transferring or correcting entries previously made, to open or close books of account.

EXAMPLES.

Adjusting Entry.

Debit Expense Account
Credit Insurance Account
(Prepaid insurance).

Cross Entry.

Debit Sales Account
Credit, J. Warner & Co.
(Goods returned).

Opening Entry.

Debit Subscription Account
Credit, Capital Stock Account
(Authorized Capital).

Closing Entry.

Debit Profit and Loss Account
Credit General Expense Account
(Closing General Expense Account).

202. Transfer From Single Proprietor, or Partnership, to a Corporation.

See Corporation Records and Definitions.

203. Transfer From Single to Double Entry.

This is accomplished by means of an inventory of assets and liabilities, and opening accounts which record the transactions necessary in the double entry system, such as Sales Account, Purchase Account, etc.

204. Account. A summary of business transactions made to furnish prompt reference and to present business statistics.

The number of accounts is voluminous, depending upon the nature of the business. Various kinds of accounts are referred to under the heading of "Classification" and we illustrate a few of those somewhat unusual:

- A Bank account. Form 1.
- A Society account. Form 2.
- A Controlling account. Form 3.
- A Stores account. Form 4.
- A Savings Bank account. Form 5.
- A Safety Deposit account. Form 6.
- An Electric Light Co. account. Form 7.
- A Dentist's account. Form 8.
- A Physician's Account. Form 9.
- A Petty Ledger Account. Form 10.

With _____ Bank for _____ 19 _____

[illegible]

Form 1-1335

[illegible]

Form 2-1335

[illegible]

Form 5-1338

[illegible]

Form 8-1339

Form 10-1343 is a stack of account cards. The top card features a header section with two rows of alphabetical tabs: 'CLOSED ACCOUNTS' (A, B, C, D, E, F, G) and 'OPEN ACCOUNTS' (P, Q, R, S, T, U, V, W, X, Y, Z). Below the tabs, the card has fields for 'Name' and 'Address'. The main body of the card is a ledger table with the following columns: Date, Explanation, Debit, Credit, Explanation, and Date. The table is currently empty.

Form 10-1343

Form 9-1342 is a single card. It has a header section with three fields: 'NAME', 'ADDRESS', and 'CARD NO.'. Below the header is a detailed ledger table with the following columns: DATE, EXPLANATION, VISITS, MEDICINE, SURGERY, SPECIAL, DEBITS, CREDITS, EXPLANATION, and DATE. The table is currently empty.

Form 9-1342

205. Accounts, Definition of**Adventure Account.**

A term used to designate an outside investment, such as the voyage of a ship. The ship is treated as a department—debited with cost and credited with revenue.

206. Approbation Sales Account.

A memorandum account carried to keep track of value of goods sent out on approbation and date of settlement. Different colored sales tickets are generally used.

207. Balance Account.

An account originally used to close and re-open ledgers by recapitulating balances of accounts. A detailed controlling account now considered to be unnecessary.

208. Controlling Account.

A summary of debits and credits posted to a particular ledger, obtained from totals of amounts entered in the books from which posting is made.

A customers' ledger controlling account consists of sales record, journal and cash book total debits and credits, the balance of this account agreeing with the total of a recapitulation of individual customers' balances.

		Example.	
Dr.		Cr.	
Sales	\$6,713.20	Cash	\$4,917.62
Journal	214.75	Journal	428.19
Cash	10.50	Balance	1,592.64
<hr/>		<hr/>	
\$6,938.45		\$6,938.45	
		12471A	

This affords a proof of posting accuracy of debits and credits, and saves much time as an adding machine may be used to recapitulate the individual balances. In small businesses ledgers may be sectionalized, carrying a controlling account with each section.

209. Expense Distribution Account.

An account carried where expense is distributed over cost of production, departments, etc., on a percentage basis.

		Example.	
Dr.		Cr.	
Salaries	\$560.00	Expense Distribution Account	\$922.40
Rent	200.00		
General Expense	160.40		
<hr/>		<hr/>	
\$922.40		\$922.40	

Expense Distribution.			
Dept. A.		Dept. B.	
25% on \$2,165.00.....	\$541.25	25% on \$1,314.20.....	328.55
Jan. 31	\$922.40	Undistributed	52.60
	<u>\$922.40</u>		<u>\$922.40</u>
	1343B		

A distribution being fixed on the basis of 25% on sales, it is evident that an effort should be made to reduce expense to the prescribed ratio.

210. Error Account.

An account opened by a new book-keeper to cover trial balance discrepancies of his predecessor. As the errors are discovered the Error account is gradually wiped out and in the meantime the book-keeper is able to prove the accuracy of the current work.

211. Income and Expenditure Account.

An account used by institutions, trustees, executors, etc., to show actual net profits earned.

212. Receipts and Payments Account.

A summary of actual receipts and expenditures.

213. Representative Account.

A summary of transactions used to complete the double entry system.

Examples.

Purchase account, sales account, department accounts.

214. Revenue Accounts.

Any account belonging to the profit and loss division.

215. Nominal Account.

An impersonal account. The general ledger is sometimes termed the "Nominal" ledger as being devoted to this class of accounts.

216. Sundries Account.

An account with sundry small debtors, the importance of transactions with whom is not sufficient to justify the opening of separate individual accounts.

217. Accounting. See Science of Accounts.

218. Accounting Systems.

A method of recording transactions arranged to suit particular requirements as in the case of a department store, commission business, etc.

219. Accountant.

One in charge of the accounting methods of a business.

220. Public Accountant.

An auditor. A deviser and supervisor of accounting systems. Or-

ganizations of public accountants are established with a view of certifying to their general ability and business standing.

221. Accrued Assets and Liabilities.

Those which continue to increase although unrecorded in the books of account—such as rent, salaries, interest, etc.

222. Additions and Betterments.

Expenditures which create permanent improvements and are therefore scheduled as assets.

223. Adjustments.

See Adjusting Entries.

224. Administrative Expense.

The cost of management and supervision.

225. Allowance.

A discount or rebate.

226. Amalgamation.

A business consolidation, such as a holding company—a trust.

EXAMPLE.

Amalgamation of the business of
J. W. Newbrough and R. Gilmore,
coal merchants.

Date of incorporation of Newbrough and Gilmore Coal Co., Jan. 1st, 1910.

Balance sheets of J. W. Newbrough and R. Gilmore as at Dec. 31st, 1909. Appraised values.

		R. G. Gilmore
J. W. Newbrough	Cash	\$ 965.00
\$ 2,110.00.....	Accounts Receivable	7,250.00
10,542.00.....	Bills Receivable	3,500.00
5,000.00.....	Land and Buildings	14,000.00
22,500.00.....	Furniture and Fixtures.....	750.00
1,100.00.....	Inventories	4,200.00
7,625.00.....	Unexpired Insurance	370.00
289.00.....	Horses and Wagons.....	1,296.00
1,850.00.....	Accounts Payable	10,500.00
7,200.00.....	Bills Payable	1,500.00
Net assets of J. W. Newbrough.....		\$43,816.00
Net assets of R. Gilmore.....		20,331.00

Capitalization of Newbrough & Gilmore Coal Co., \$80,000; 800 shares of stock of \$10 each.

All assets transferred to the company at appraised value: all liabilities assumed by the company.

Good will to be computed at 50% of net profits of past three years.

J. W. Newbrough—3 years profits—\$21,582.00.

R. Gilmore—3 years profits—\$6,900.00.

AMALGAMATION.

Stock to be issued to J. W. Newbrough and R. Gilmore in proportion to net value of assets turned over.

Fifty shares of stock each to be presented to C. F. Colbert and J. W. Rhodes for services rendered.

SOLUTION.

Good will:

J. W. Newbrough 50% of \$21,582 = \$10,791

R. Gilmore 50% of 6,900 = 3,450

Total net assets:

J. W. Newbrough \$54,607

R. Gilmore 23,781

Stock issued:

J. W. Newbrough..... 550 shares, \$55,000.00

R. Gilmore 240 shares, 24,000.00

C. F. Colbert 50 shares, 500.00

J. W. Rhodes 50 shares, 500.00

Newbrough-Gilmore Coal Co. Balance Sheet—January 1st.

Assets.	Liabilities.
\$ 3,075.00.....Cash	
17,792.00.....Accounts Receivable	
8,500.00.....Bills Receivable	
11,825.00.....Inventories	
36,500.00.....Land and Buildings	
1,850.00.....Furniture and Fixtures	
3,146.00.....Horses and Wagons	
659.00.....Unexpired Insurance	
14,241.00.....Good-will	
393.00.....J. W. Newbrough	
219.00.....R. Gilmore	
1,000.00.....Bonus Account	
.....Accounts Payable	\$17,700.00
.....Bills Payable	1,500.00
.....Capital Stock	80,000.00
<hr/>	<hr/>
\$99,200.00	\$99,200.00

227. Amortization.

The gradual extinction of premiums or discounts on securities maturing at some future date as in the case of bonds, the present values being determined by the process of amortization.

Comprehensive tables are published which provide for all ordinary calculations.

228. Annuity.

Income payable at regular intervals. Tables of calculation are published as in the case of amortization tables, and providing for computation of equal principal and interest.

229. Appraise.

Estimated value.

230. Appreciation.

An increase in value by reason of improvements, market changes. Only permanent appreciation should be included in the books, particularly in relation to stocks and bonds where fluctuation is frequent but no benefit is received therefrom until sold. This also applies to market value of some kinds of commodities—such as grain. In the case of real estate, appreciation may be added to the asset account and credited to a special surplus account to be ultimately disposed of as may be found convenient.

231. Arrears.

An amount over-due, but not paid.

232. Average.

"A mean proportion, medial sum or quantity, made out of unequal numbers or quantities."

233. Averaging Accounts.

Is the term used to describe the equation of payments and ascertaining interest due on fluctuating balances at a given date, or average maturity of liabilities payable at different dates.

Examples of Single Average.

Find average maturity of the following notes dated Oct. 5:

\$200 due Jan. 15

\$300 due April 15

\$500 due July 15

\$200 payable Jan. 15, equals 3 months and 10 days.

\$300 payable April 15, equals 6 months and 10 days.

\$500 payable July 15, equals 9 months and 10 days.

Method No. 1.

$200 \times 3 = 600$	$200 \times 10 = 2,000$
$300 \times 6 = 1,800$	$300 \times 10 = 3,000$
$500 \times 9 = 4,500$	$500 \times 10 = 5,000$
<hr/>	<hr/>
1,000) 6,900 (6	10,000
6,000	27,000
<hr/>	<hr/>
900	1,000) 37,000 (37
30	37,000
<hr/>	<hr/>
27,000	

Six months and 37 days = 7 months and 7 days.

Method No. 2.

Date of Maturity	Amount	Days	Product
Jan. 15.....	\$200	100	20,000
April 15.....	300	190	57,000
July 15.....	500	280	140,000
	<u>\$1,000</u>		<u>)217,000(</u> 217 days forward from Oct. 5

Examples of Double Average.

Ledger Account.

Dr.		Cr.	
June 15	Invoice.....\$60.00	Sept. 10	Cash.....\$50.00
July 15	Invoice..... 80.00	Oct. 10	Cash..... 50.00
Aug. 15	Invoice..... 40.00		
Sept. 15	Invoice..... 50.00		
Focal date—July 1st. Date of settlement, Nov. 1st.			

DEBITS.

Maturity Date	Amount	Days from July 1st	Product
July 15.....	\$60.00	15	900
Aug. 15.....	80.00	45	3,600
Sept. 15.....	40.00	75	3,000
Oct. 15.....	50.00	105	5,250
	<u>\$230.00</u>		<u>)12,750(</u> 55½

CREDITS.

Sept. 10.....	\$50.00	70	3,500
Oct. 10.....	50.00	100	5,000
	<u>\$100.00</u>		<u>)8,500(</u> 85

Debits —Total days $120 - 55\frac{1}{2} = 64\frac{1}{2}$. Interest $6\% = \$2.47$

Credits—Total days $120 - 85 = 35$. Interest $6\% = .58$

Interest due Nov. 1\$1.89

PROOF.

Debits.

6% interest on \$60 from July 15 to Nov. 1, 105 days—\$1.05
 6% interest on \$80 from Aug. 15 to Nov. 1, 75 days= 1.00
 6% interest on \$40 from Sept. 15 to Nov. 1, 45 days= .30
 6% interest on \$50 from Oct. 15 to Nov. 1, 15 days= .12

\$2.47

Credits.

6% interest on \$50 from Sept. 10 to Nov. 1, 50 days= .42

6% interest on \$50 from Oct. 10 to Nov. 1, 20 days= .16

.58

\$2.47—.58=\$1.89

Ledger Account.

Oct. 5 Invoice.....	\$ 65.00	Jan. 1 Cash.....	\$ 75.00
Nov. 5 Invoice.....	50.00	Feb. 1 Cash.....	100.00
Dec. 5 Invoice.....	100.00		
Jan. 5 Invoice.....	45.00		

Focal date—Nov. 5. Date of settlement—March 1.

Debits.

Maturity Date	Amount	Days from Nov. 5 to March 1	Product
Nov. 5	\$ 65.00	116	7,540
Dec. 5	50.00	86	4,300
Jan. 5	100.00	56	5,600
Feb. 5.....	45.00	26	1,170
	<u>\$260.00</u>		<u>18,610</u>

Credits.

Jan. 1	\$ 75.00	60	4,500
Feb. 1	100.00	30	3,000
	<u>\$175.00</u>		<u>\$7,500</u>

260—175=85. 18610—7500=11110

11110÷85=130 days back from date of settlement.

Average due date—Oct. 20.

Interest at 6% on \$85 for 4 months and 10 days=\$1.85.

234. Book Debt.

An account receivable.

235. Capital.

Net investment; surplus of assets over liabilities. See Corporation Records and Definitions.

236. Capital Account.

This consists of credits of authorized capital stock, surpluses and reserves.

In a corporation the surplus and reserves are carried in separate accounts. In the accounts of a single proprietor they are usually included in the Investment Account.

237. Capital Assets.**238. Capital Expenditures.**

The permanent assets of a business, such as land, buildings, plant, improvement, etc.

239. Capital Liabilities.

Obligations in the shape of bonds, or loans secured to provide working capital.

240. Capital Interest.

It is more or less customary to make a charge against profits to cover a fictitious interest on capital investments for the use of land, buildings, and machinery, the theory being that, for example, rent would have to be paid if property were not owned. This is probably a useful practice under some exceptional circumstances, but is generally simply a juggling of profits out of one pocket into another, much after the style of a man debiting himself with interest on his own salary on the theory that were he not paid a salary he would have to borrow money on which to live, and pay interest on it.

In the case of a corporation, as the debit to Profit and Loss Account for interest on investment is offset by the credit to Interest Account, there is no change in the distribution of profit among the stockholders. In the case of an unequal partnership the larger portion of the division of interest on investment is credited to the personal account of the partner with the larger investment.

241. Capital Receipts.

Value received in payment for stock subscribed; for bonds sold or loans made to provide working capital; for sale of capital assets; for outside earnings such as dividends or interest on investments.

242. Capital and Revenue Classification.

Those debits which are included in the balance sheet under the headings of fixed and passive assets, belong to the capital classification.

Those credits which are included in the balance sheet under the headings of capital stock, treasury stock, surplus, reserves, undistributed dividends, belong to the capital classification.

Those debits and credits which are included in manufacturing, trading, and profit and loss accounts, belong to the revenue classification.

243. Certified Check.

A bank check provided with an endorsement by the bank on which it is drawn, agreeing to pay the amount on demand.

244. Charge.

Synonymous with "debit."

245. Check Mark.

A sign used to indicate posting, or verification. (See Auditing.)

246. Collateral.

Security deposited temporarily to guarantee the payment of an advance or loan.

Accounting records, the totals of which are posted instead of the items, thus saving much labor.

See Elimination of Trial Balance.

[illegible]

An amalgamation of individual business interests; a trust.

An account representing the total debits and credits posted to a particular ledger and the total of the individual balances contained in that ledger. The postings are obtained at the end of each month from the footings of original books of entry, from which the individual postings are made, and therefore provides a check on the accuracy of those postings and locates errors to debits or credits, thus greatly facilitating their prompt detection.

To carry out this method it is necessary to provide in sales books, journals, cash books, etc., separate debit and credit columns for each ledger, or section of ledger for which controlling accounts are carried.

ILLUSTRATION.

Customers' Ledger				Controlling Account.	
	Date	Dr.	Dr. Bal.	Cr.	Date
Feb. 1	Balance forward.	\$	\$1,462.50	
Feb. 28	Sales	\$6,543.25	\$ 389.17	J. Feb. 28
	J.	728.80		7,020.15	C. B.
	C. B.	15.00	1,340.23	Bal. forward.

249A. Credit—Any item posted to the right hand side of the ledger. (See Classifications.)

Credit—"A transfer of commodities involving the return of an equivalent at a future time."

"Credit, though it is not productive power, is purchasing power."

"Credit is the confidence felt in the future solvency of a person which enables him to obtain the property of others for use as a loan or for consumption."

That credit is coincident with the beginning of the human race is generally appreciated. The loan of something by one individual to another for his temporary use constitutes primeval credit. The loan of merchandise, or money with which to purchase merchandise, for the purposes of barter and sale was a later development, although commercial and credit records have been traced by archaeologists as far back as 4000 B. C.

While credit does not directly increase capital it evidently does so indirectly. It acts as a substitute for capital in the purchase of merchandise for sale. These goods when sold supply the funds with which to redeem the credit and the profit realized on the sale effects an actual increase of the merchants' capital. By the use of extensive credit many a tradesman has carried on a successful business—and made a good income—without possessing any actual capital.

249B. Credit Man—A title given to the head of the department of credits and collections. His duties consist of the investigation of solvency of applicants for credits, authorizing extensions of credit, following up collections. See Credits and Collections, Section 1.

249C. Credit Reports—See Credits and Collections, Section 1.

249D. Credit Sales—Sales to customers who do not pay cash on delivery. Sometimes called "Charge Sales."

249E. Credit Vouchers—A voucher authorizing the person to whom it is issued to receive value on presentation—refunds, allowances, exchanges, etc.

A memorandum directing a credit entry on books of account, o.k.'d by a responsible official.

250. Debt.

Something of value due from one individual, or association of individuals, to another. An obligation or promise to pay.

251. Debtor. The party by whom an obligation or debt is incurred.

252. Debit. Any item posted to the left-hand side of the ledger. See Classifications.

253. Debit Ledger. A title sometimes used to signify a sales or customers' ledger.

254. Debit Note. A journal memorandum, directing and authorizing a journal entry.

255. Deficit. The excess of liabilities over assets—the excess of expenditure over income.

256. Deficiency Account. An account used in preparing statements of affairs in bankruptcy and liquidation cases.

ILLUSTRATION.

257. Realization Account.

Estimated Assets		Liabilities Estimated	
\$ 500.00	\$ 500.00.....Cash		
34,000.00	28,500.00.....Inventories		
12,750.00	10,450.00.....Accounts Receivable		
38,500.00	42,000.00.....Buildings and Plant		
962.00	1,000.00.....Furniture and Fixtures		
<u>\$86,712.00</u>	<u>\$82,450.00.....</u>		
2,845.00	2,845.00.....Less		
	Credits for Salaries		
	and Wages		
<u>\$83,867.00</u>	<u>\$79,605.00.....</u>		
	Accounts Payable	\$78,346.00	\$77,852.00
	Notes Payable	35,500.00	35,500.00
			<u>113,352.00</u>
	34,241.00.....Deficiency		
	<u>\$113,846.00</u>		<u>\$113,846.00</u>

258. Deficiency Account.

From Commencement to Wind-up of Business.

Dr.		Cr.
	Capital Stock	\$100,000.00
\$ 15,481.00.....	Profit and Loss Account—4 years	
52,000.00.....	Officers' Salaries—4 years	
62,500.00.....	Bad debts written off	
4,260.00.....	Loss on realization	
	Deficiency	34,241.00
<u>\$134,241.00</u>		<u>\$134,241.00</u>

Deficiency Account of John H. Rose.

Assets.		Liabilities.
\$ 357.00.....	Cash	
	Accounts Receivable	
	Good	\$1,165.00
1,315.00.....	Doubtful	150.00
6,000.00.....	Inventory	
150.00.....	Horse and Wagon	
2,100.00.....	Furniture and Fixtures	
11,200.00.....	Store Building	
	Accounts Payable	\$14,765.00
<hr/> \$21,122.00..... <hr/>		
	Estimated to realize	12,015.00
	Deficiency	<hr/> \$ 2,750.00
Capital invested	\$10,000.00	
Personal drawings		\$ 4,200.00
Trading Expenses.....		7,685.00
Bad debts		865.00
Deficiency	2,750.00	
	<hr/>	<hr/>
	\$12,750.00	\$12,750.00

259. Demurrage.

A charge made against consignees by transportation companies for delay in unloading and removing goods.

260. Depreciation.

This is generally understood by accountants as meaning a decrease of fixed assets caused by wear and tear, wastage, shrinkage, expiration of franchises, etc.

Depreciation may be estimated and written off accordingly, or it may be provided for by establishing reserve accounts, these accounts being debited with expenditures for replacements and maintenance.

The following is a list of annual depreciation rates recommended by an authority:

Factory Building	2½ to 5	per cent.
Engines and Boilers when treated together	4 to 7½	per cent.
Boilers separately	7½ to 10	per cent.
Machinery	5 to 10	per cent.
Furniture and Fixtures	7 to 12½	per cent.
Rolling Stock	5 to 10	per cent.
Rails	2½ to 5	per cent.
Cars	5 to 10	per cent.
Standard Patterns	20 to 30	per cent.
Residential Property	Nil to 2½	per cent.
Horses	12½ to 20	per cent.

Fixed Plant, such as blast furnace, chemical plant, etc. Divide by number of years on assumed life of business.

Designs, 50 per cent. first year of use; 30 per cent. second year of use; 20 per cent. third year of use.

Patents, etc., divide by number of years of life, but dependent on special conditions.

Depreciation rates are computed on a fixed proportion of original cost, or a fixed percentage on diminishing values. It may be provided for either by a reserve account or a sinking fund which earns interest.

The following table shows the difference between the two former methods in writing off \$200 in ten years.

1st year	20.00	26.86
2nd year	20.00	24.80
3rd year	20.00	23.34
4th year	20.00	21.78
5th year	20.00	20.32
6th year	20.00	18.96
7th year	20.00	17.68
8th year	20.00	16.50
9th year	20.00	15.40
10th year	20.00	14.36
	<hr/>	<hr/>
	200.00	200.00

The following extract from Dicksee's Auditing, a well-known authority, hereto appended will be appreciated by those interested in this important subject:

"The amount which should be deducted from the book value of certain assets for the purpose of ascertaining, after allowing for deterioration, the real value of these assets, and further for the purpose of arriving at the legitimate amount of profit made during a given period and available for appropriation or distribution as the case may be."

"The repayment of capital out of the total gross revenue earned during that period, of such proportion of the original capital outlay as has been absorbed or consumed in earning such gross revenue. The charge against the revenue of any particular period, being that proportion of the cost of the finished or partly finished production during that period representing the wear and tear of the producing machinery."

"Depreciation being an equalized charge in respect of the loss necessarily incurred by anyone running machinery, arising from the cause already named, it is essential that the question of depreciation should be considered as a working expense. The fluctuation in the capital value of machinery has no bearing whatever on this matter. Whether or not it should enter into the accounts at all is a question which must be considered upon an entirely separate basis; but, wherever machinery is being used for the purposes of

manufacture, it clearly comes under the heading of fixed capital, in respect of which it is improper to take into the accounts credit for any fluctuation upwards, while similarly it is unnecessary to debit the Trading Accounts with any fluctuation downwards, seeing that, if a proper reserve is being made for depreciation, it will have the effect of writing off the whole of the cost during the period when the machinery is effective for the purposes for which it was purchased.

Here, again, we have to remember that the object of providing depreciation at all is to average the charges against Profit and Loss Account. If the amount of machinery employed is so large that mere repairs and renewals would average themselves, there is no occasion for any depreciation to be specifically set aside, and it is precisely for this reason that the railway companies and gas companies are not required to provide depreciation on their fixed plant and rolling stock. In the case of an ordinary manufacturing company, however, it is unlikely in the extreme that the repairs and renewals will so average themselves, or that the machinery will ever be really equal to new; moreover, it is clearly improper to adopt one system in one year and another system in another year, it being the essence of all due provisions for depreciation that the same plan be permanently adopted."

"Depreciation is a comprehensive term, including wear and tear; but the two are distinct elements and may be considered separately. Wear and tear may be defined as diminishing value arising from use."

"Much confusion and uncertainty exists in the Property and Machinery Accounts of many manufacturing businesses, by reason of the way in which wear and tear and renewals are treated. It is not unusual to make a deduction from the Property Accounts for wear and tear, and then to add to those accounts the outlay not only in the nature of additions and extensions, but also for renewals; the result not unfrequently being that the Property Account is upheld at a sum far beyond its real working value, and as a consequence the profits are apparently more than the actual profits. A safer course, in my opinion, is to make a deduction from the Profit and Loss Account for wear and tear, as well as the entire cost of maintenance, thus increasing Property, Machinery and Plant Accounts only by the actual additions thereto."

"It is an excellent plan to have an inventory of principal machines, tools, etc., kept in such a way as to show wear and tear deducted, as well as the reduced cost, in detail. By this means if part of the machinery becomes superseded and has to be realized, the loss is readily ascertained and can be charged to Contingent Funds. This is not a merely theoretical system, but is in actual practice; of course, in such a case the loss or difference having been written off, any substitution would be chargeable to Plant Account,

as in the case of an addition. Such an inventory would be of great use, as affording the means of making a comparison between the reduced cost of machinery as in the books, and the then working value."

"In the case of works mortgaged, or advances by bankers or others, it would, of course, be wise to reduce any such liability. If there were not any such claim to meet, then it would be well to take the money out of the business rather than expend it in additions or extensions.

A common error has been to use available funds of this kind for the purpose of building additional works or factories instead of investing the money to meet the cost of substitutions. When such time arrived there had been years of bad trade, and thus the means were not forthcoming, the consequences being embarrassment, if not ruin."

DEPRECIATION AND DIVIDENDS.

On the former subject an examination of the State laws shows considerable uniformity, usually reading somewhat as follows: "No corporation * * * shall make dividends except from the surplus or net profits arising from its business." In some States a penalty is provided for directors who render a corporation insolvent by distributing an illegal dividend, while others include prohibitions against the manipulation of capital stock.

On the latter subject mentioned in the first paragraph many volumes have been written. Depreciation, for example, varies so greatly in connection with both fixed and active assets that an article on cotton mill machinery bears no relation in depreciation rate to the furnaces and boilers of a sugar manufactory.

The proper treatment of depreciation, maintenance or repairs, and renewals is a hard problem for the average business man. Some of them vigorously oppose charging off depreciation at the close of a year which only shows a small profit. Others debit the cost of maintenance to Machinery Account, or Plant Account. Others, again, I have known to charge a new machine, purchased to take the place of one that has become worn out, or obsolete, to Machinery Account and credit the sale of the old machine to some third-rate factory to Profit and Loss Account.

Many an excellent showing of profit dwindles to nothing after reasonable deductions in respect of wear-and-tear, depreciation by effluxion of time, and allowances for bad and doubtful debts, etc., have been made. On the other hand it is frequently an easy matter to defraud shareholders of the dividends they should justly receive by "stuffing" the Depreciation Account through exaggerating the rates, or percentages.

261. Exchange.

A bank charge made to cover cost of collection on country or foreign checks.

262. Fund.

See Reserve Fund; Sinking Fund.

Funded Debt.

Obligations, the discharge of which are provided for by reserve or sinking funds.

263. General Expense.

That class of expense which is debited direct to Profit and Loss Account and does not enter into either Manufacturing or Trading Accounts.

264. Good-Will.

The estimated value of a name, a reputation, a locality, an acquired patronage, the salable possibilities in connection with the use of patents and copyrights owned and exploited by a business, the guaranteed services of the proprietor of a business sold to a corporation.

There is no fixed rule for estimating this value, but it is usually based on average net profits during a certain number of past years—such as 50% on 3 years, etc. Some large corporations have issued stock for sale based on estimated future earnings, but this practice is generally condemned as a method of watering stock.

There has been a great deal of discussion as to whether good-will should be classified as a speculative or capital asset; in the first case to be gradually written off from profits, in the second case to remain on the books permanently at original value. Conditions vary so much in different businesses that no hard and fast rule can be recommended, but in a permanent and increasing business the value of good-will should increase proportionately. Should a business, however, be wound up and terminated, the amount of good-will is unavailable for distribution among the stockholders, who are consequently out that sum when paid for as part of purchase price of business.

In partnerships this account is frequently established for the purpose of reducing profits of a new partner. As he is the only partner paying for the good-will, he has to bear the brunt of the loss.

It is in no way illegal for a corporation to retain good-will on the books as a permanent asset, and it must be borne in mind that,

a. If a Reserve Account for good-will is established, the proportion of profit credited thereto, is deducted from the amount available for distribution to the stockholders.

b. If nothing is written off, and no reserve established, the stockholders receive the equivalent in extra profits.

c. Either an excessive amount written off, or an excessive reserve, can be adjusted at any time by restoring the value of good-will or retransferring reserve to Surplus Account.

265. Investment.

The acquisition of property by payment.

Single proprietors of business frequently carry their capital accounts under this heading.

266. Maintenance.

The expense of keeping property in good repair, or in a condition of efficiency.

267. Open Account.

An account carried in a current ledger. An unsettled account.

268. Original Entry.

First entries of transactions in accounting records. This does not apply to memoranda, but only to those records accepted as legal evidence.

269. Par Value.

Face value. The par value of a \$10 share of stock sold at a discount of 50% is \$10.

270. Present Value.

Market value. The market value of a \$2,000 bond purchased at a premium of 1% is \$2,020.00.

271. Present Worth.

The surplus of assets over liabilities—net assets.

272. Recapitulation.

A summary. A recapitulation from daily sales tickets gives total daily sales.

273. Redemption Fund.

274. Reserve Account.

275. Reserve Fund.

276. Sinking Fund.

A Reserve Account shows withdrawals of profits from distribution, but does not prevent the use of those profits as working capital.

A Reserve, Redemption or Sinking Fund shows actual investments at interest, these investments being made for the purpose of meeting some obligation due at a future date—such as corporation, municipal or state bonds.

A Sinking Fund is a financial arrangement for the repayment of loan principal at a specified time, interest being paid annually and offset by interest received.

277. Terminable Annuity Fund.

This is a financial arrangement for the annual payment of interest and the annual re-payment of a portion of the principal.

278. Sinking Fund Computations.

Provide a fund of \$20,000, payable in 20 years, by placing in the fund at the end of each year an amount which—with 3% compound interest—will be sufficient for the purpose.

Divide interest for one year on \$20,000 at 3%=\$600, by compound interest for 20 years on \$1 at 3%=\$0.80612.

$\$600 \div 0.80612 = 744.31$, or by setting back the necessary number of decimal points=\$744.31, which is the amount to be invested each year.

The use of standard sinking fund tables is reliable and saves an undesirable waste of time.

279. Resources.

Synonymous with assets.

280. Revenue.

Income. This term is also used to designate debits and credits to Profit and Loss Account. See Classification.

Payments made for office expense are revenue expenditures. Receipts from customers are revenue receipts.

281. Royalty.

A fee payable to owners of patents, copyrights, music, etc., computed usually on a basis of quantities produced or quantities sold.

282. Sectionalization.

The distribution or arrangement of accounts, figures, or statistics over different sections for purposes of analysis and comparison. Classification.

283. Sectionalization of Trial Balance.

284. Elimination of Trial Balance.

The general and private ledger accounts should be arranged in the precise order in which they will appear in Manufacturing, Trading and Profit and Loss Accounts, and Balance Sheet. When this method is adopted the periodical financial statements may be drawn off direct from

the ledger balances and inventories added, thus eliminating the independent trial balance altogether.

The use of controlling accounts also aids greatly in the elimination of the laborious detailed trial balance, as the balance of each controlling account represents the total of the individual balances contained in the ledger controlled.

These individual ledger balances may be footed, when considered desirable, with very little trouble by means of an adding machine, and thus agreed with the balance exhibited by the controlling account.

285. Sectionalized Trial Balance. Drawn from General and Private Ledgers.

286. Manufacturing Account.

Page No.	Dr.	Cr.
Materials	\$2,500.00	
Supplies	600.00	
Freight	500.00	
Labor	6,500.00	
Repairs—Machinery and Tools	200.00	
Coal and Coke	300.00	
BAL. TO TRADING ACCOUNT.....		\$10,600.00
	<hr/>	<hr/>
	\$10,600.00	\$10,600.00

287. Trading Account.

BALANCE FROM MFG. ACCOUNT	\$10,600.00	
Selling Expense:		
Stable	300.00	
Salesmen's Salaries	400.00	
Traveling	115.00	
Commission	126.00	
Advertising	97.00	
Sales		\$13,778.00
Inventories		1,600.00
GROSS PROFIT	3,740.00	
	<hr/>	<hr/>
	\$15,378.00	\$15,378.00

288. Profit and Loss Account.

Page No.	Dr.	Cr.
GROSS PROFIT FROM TRADING ACCOUNT		\$3,740.00
Salaries	\$ 300.00	
Interest and Discount	48.00	
Depreciation	100.00	
Rent	150.00	
General Expense	202.00	
NET PROFIT	2,940.00	
	<hr/>	<hr/>
	\$3,740.00	\$3,740.00

289. Balance Sheet.

Active Assets.

	Assets.	Liabilities.
Cash on hand	\$ 50.00	
Cash at bank	450.00	
Accounts Receivable	4,800.00	
Notes Receivable	1,200.00	
INVENTORIES	1,600.00	
Fixed Assets.		
Real Estate and Building	2,000.00	
Machinery and Tools	3,000.00	
Horses and Wagons	300.00	
Floating Liabilities.		
Accounts Payable		\$1,000.00
Bills Payable		460.00
Capital Liabilities.		
Capital Stock		9,000.00
Surplus		2,940.00
	\$13,400.00	\$13,400.00

Total debits (exclusive of inventories) \$24,238.00.

Total credits (exclusive of inventories) \$24,238.00.

290. Selling Expense.

Those expenses incurred in promoting and effecting the sale of goods.

291. Surplus.

The excess of assets over liabilities.

Separate surplus accounts may be carried for each year's business so that losses relating to the business of previous years may be debited to the year to which it belongs, instead of to current Profit and Loss Account.

SECTION IV.

MAIN OFFICE ACCOUNTING RECORDS.

300. Cash and Bank.**301. Bank Account Reconciliation.**

The best plan is to keep a special record containing:

Amount of checks outstanding at commencement of month.

List of deposits from daily deposit slips.

List of checks issued during month.

List of checks unreported by monthly bank statement.

List of checks still unreported from previous months' outstandings.

Agreement with bank statement.

The Reconciliation will then appear as follows:

Jan. 1	Outstanding checks	\$ 589.17	
31	Total checks issued	4,275.25	
	Bank charges	13.90	
	Current deposits		\$7,240.19
	Last month's bank balance, as per statement..		11,562.20
	Current balance at bank	13,924.07	
		<hr/>	<hr/>
		\$18,802.39	\$18,802.39
Jan. 31	Balance as per bank statement		\$14,553.63
	Less outstanding checks as per list		628.56
			<hr/>
	Actual bank balance		\$13,924.07

302. Bank Register.**303. Check Register.****304. Check and Deposit Register.****305. Check, Deposit and Disbursement Register.**

A daily record of amounts deposited at bank, checks issued, check expenditure, distribution and balance at bank. See Form.

The combination check, deposit, and expenditure distribution record may be termed a bank cash book, the totals only being entered in the general cash book. See Form. The use of this form of record renders check stubs unnecessary. When an accounts payable ledger is kept, the items are posted to the debit of accounts payable accounts and the total of the accounts payable column posted to the debit of Accounts Payable Controlling Account in the general ledger.

306. Cash Balance Record.**307. Daily Financial Statement.**

A statement of cash receipts and expenditures handed each day to the business manager, being a summary of the cash book. While some statements include details of expenditures, this is not necessary under ordinary circumstances.

ILLUSTRATION.

July 1	Cash on hand and at bank	\$.....	
	Deposits (if all receipts are deposited)	_____	\$.....
	Check expenditures		
	Petty cash		
		_____	_____
	Balance on hand		\$.....

Where the system of depositing all receipts and making all payments by check is not used, the balance on hand should be distributed over bank balance, cash balance, tickets in drawer, etc.

308. Cash Book.

The itemized ledger Cash Account, all receipts being debited to cash and all expenditures credited; the receipts being credited and the expenditures being debited to the individual or other accounts to which they relate.

309. Cash Account.

A summary account to which is posted total debits and credits at the end of each month, the balance agreeing with the balance shown in the cash book.

Some book-keepers simply transfer the cash book balance at the end of each month to the debit of Cash Account in the general ledger.

310. Cash Journal.

A record in which are entered both cash and journal items, the cash items being distinguished by the provision of special cash debit and credit columns in which total cash transactions are entered each day, or more frequently if considered desirable. It is not necessary to provide special journal debit and credit columns. Some cash-journals are arranged with separate pages for debits and credits, and others with debit and credit distribution columns adjacent.

The latter facilitates comparison of debits and credits of departmental accounts which is advantageous in some lines of business.

311. Petty Cash Book.

A record of sundry small office expenditures.

311A. Imprest Petty Cash System.

Open an account with the employe in charge of petty cash expendi-

CASH RECEIPTS

[illegible]

1363

CASH PAYMENTS

[illegible]

1363

Dr															
Date		Names	Folio	Discount		Vouchers Payable		General Ledger		Stores		General Expenses	Selling Expense		Cash Credit
													Regular	C O D	

1364

[illegible]

1364

tures. Draw check for amount estimated as sufficient to provide for a week and charge to his account. Require a weekly petty cash statement, accompanied by vouchers. After same has been o. k.'d credit petty cashier's account with amount of statement and draw check payable to him for the same amount, thus keeping the petty cash fund for each week uniform.

312. Check Book.

Checks bound in book form with stubs for duplicate record of checks issued.

With improved methods, stubs of all kinds are discontinued, as a better record may be obtained at one writing by the use of carbon interleaves. By using this plan checks are made up in pads.

313. Voucher.

A receipt for, or acknowledgment of, moneys expended. See Purchases.

314. Voucher Index.

A record of names, dates and numbers where vouchers are filed numerically.

315. Voucher Check.

A combination voucher or statement, and check. See Purchases.

BUCK & RAYNER, <u>Laboratory</u> 500 & Madison St. Chicago.				Voucher No. _____			
Bought of _____ Address _____				Month of _____ 19__			
Date	Description	Amount	Distribution				
			Acc't No.	Amount			
Paid by Check No. _____							
Correct _____ Manager		\$ _____ Date _____ 19__					
Approved _____		Received of BUCK & RAYNER, <u>Laboratory</u> _____ Dollars					
		in full of above account RETURN THIS VOUCHER WITH ALL PAPERS ATTACHED					

316. Journals.

A title applied to records of transactions of every kind—exclusive of cash—by which they are assembled for posting to ledger accounts, or for certain statistical transfers, each debit being offset by a credit, and vice-versa, in order to comply with the double-entry system requirements. The titles of journals most used are:

317. Accounts Payable Record or Journal.**318. Purchase Record or Journal.****319. Voucher Record or Journal.****320. Audited Voucher Record or Journal.****321. Combination Purchase and Maturity Record.**

These are records of purchases and due dates, generally provided with distribution columns for various charge accounts.

322. Accounts Receivable Journal or Record.**323. Sales Record or Journal.****324. Approbation Sales Journal.****325. C. O. D. Sales Journal.**

These are records of sales, provided, when desired, with distribution columns for credits to department accounts.

326. Sales Summary Journal.

Where manifold sales tickets are used, and posting made direct from duplicates, a recapitulation of dates and amounts is made for distribution purposes.

327. Cross-entry Journal.**328. Private Journal.**

A journal used for cross (transfers), adjusting and closing entries. The private journal is used exclusively in connection with the private ledger. See Principles and Theory of Accounting.

329. Departmental Journal.

A journal provided with departmental distribution columns.

330. Divided Record or Journal.

A record of dividends payable. See Corporation Records.

331. Synthetic Journal.

Journal, ledger and cash book combined.

These are complete summaries of all transactions arranged with names of accounts across the page horizontally instead of vertically as in a trial balance.

SYNTHETIC JOURNAL

Month of January 1910

Date	Assets						Liabilities				Purchases	Sales		Expenses	Inventory			Proprietor										
	Cash		Accounts Receivable		Furniture & Fixtures		Accounts Payable		Bills Payable																			
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.																		
Jan 1	400	50	100		420			615	24	1500							2400	75		2890	00							
2	220	00	200	00	200			702	57	600	00	1585	00	48	50	2950	00	797		1722	25	678	50	200	00			
3	100	00	200	00	100	00			702	57	2301	98	1000		1000		1605	00	48	50	2960	50	797		1722	25	200	00

Principally used in small businesses, although some insurance companies use a journal of this nature for assembling everything relating to the accounts carried in the general ledger.

332. Ledger.

The epitome of all transactions of all kinds distributed over individual and statistical accounts, the total debits of which must agree with the total credits.

The information contained in manufacturing accounts, trading accounts, profit and loss accounts, and balance sheets is obtained from this source, and trial balance recapitulations are made up therefrom. Sales debits and credits are posted to customers' accounts; purchase debits and credits—to creditors' accounts; expense debits and credits, journal debits and credits—to individual and general ledger accounts. See Book-keeping.

Progressive methods are responsible for a great variety of ledger styles, the advantages of suiting the ledger design to the requirements of the business being now fully appreciated.

Some of these special ledgers are adapted to Advertising, Banks, Lumber Camps, Mining Camps, Breweries, Bottling Works, Electric Light and Power Companies, Gas Companies, Newspapers, Publishers, Brokers, Hotels, Instalment Houses, Storage concerns, Business Colleges, Churches, Clubs, Societies, Insurance Companies, Hospitals, Municipalities, Physicians, Real Estate, Telephones, Water Works.

Special ledgers are also devised for different departments or sections of a business, such as Notes Receivable, Employees, Equipment, Plant, Stores, Suspense.

Ledgers for ordinary requirements are made in different styles, such as Balance ledgers, Card ledgers, Loose-leaf ledgers, Central account ledgers, Self-indexing ledgers.

Many of these ledgers are combinations of charge records and ledger accounts, and descriptions may be found under the respective headings above mentioned.

333. Balance Ledger.

- a. A ledger containing separate balance columns. See forms.
- b. An adaptation of the bank balance ledger to ordinary commercial purposes. See Form.
- c. A central account ledger is one provided with a balance column between the debit and credit columns.

334. Self-indexing Ledger.

A ledger provided with alphabetical extension tabs. These indexes frequently have index sheets at the commencement of each letter, indicating numbers and names of accounts beginning with that letter.

SNAP-SHOTS FOR THE BUSINESS MAN.

Working Capital.

This includes money borrowed on securities, usually classified with liabilities. Also stock donated by the owners for re-sale, a method frequently adopted by mining corporations. The proprietor sells a mine to a corporation for \$1,000,000 of stock and then donates \$250,000 of stock to sell for the purpose of raising funds for development and construction. As this stock is sold the amount realized is credited to Working Capital account, these transactions not interfering with the original entries debiting Mine account and crediting Capital Stock account with \$1,000,000.

BALANCE LEDGER

Name _____

Account No. _____

Address _____

En. Limit _____

[illegible]

1309

COMMERCIAL BALANCE LEDGER

[illegible]

1370

SECTION V

STATISTICAL OFFICE RECORDS.

335. Statistical Main Office Records.**336. Balance Sheet.**

A periodical summary of resources and liabilities disclosing increase of resources over liabilities, or of liabilities over resources, at the end of each period, inventory of merchandise and supplies on hand having been taken, and manufacturing, trading and revenue accounts having been closed into Profit and Loss Account. This increase or decrease must agree with the loss or gain exhibited in the Profit and Loss Account covering the same period.

For treatment of Inventory Account, see Inventories, Section I.

337. Balance Sheet Classification.

Not only should assets and liabilities be sectionalized, but the various items should be grouped according to their character. The divisions generally used are:

338. Active Assets.

Cash on Hand, Cash at Bank, Bonds and Stocks Listed on Stock Exchange, Stock-in-trade, Accounts Receivable, Notes Receivable, Accrued Interest. Available for prompt realization.

339. Fixed Assets.

Equipment, Plant, Machinery, Tools, Furniture, Fixtures, Buildings, Land, Sinking Fund, Reserve Fund, Mortgages. Permanent or realizable at future dates.

340. Passive or Speculative Assets.

Good-will, Patents, Copyrights, Franchises, Right of Way, Prepaid Expense, Inventories of Stationery, etc., Corporation Promotion Expense, Doubtful Accounts Receivable. Uncertain of realization or proportion of realization.

341. Current Liabilities.

Accounts Payable, Notes Payable, Accrued Wages, Accrued Interest, Bank Overdraft.

342. Capital Liabilities.

Loans, Mortgages, Bonds, for working capital; Reserves for depreciation, bad debts, etc.; Surplus previous years, Unpaid Dividends, Capital Stock.

That international authority—Dicksee—make the following recommendations as to classification. After referring to capital stock, debentures and mortgages (mostly of local interest) he says:

"The ordinary liabilities may be separated under the following sub-headings:

- (a) Debts for which acceptances have been given.
- (b) Debts to tradesmen for supplies of stock-in-trade and other articles.
- (c) Debts for law expenses.
- (d) Debts for interest upon debentures and other loans.
- (e) Unclaimed dividends.
- (f) Debts not enumerated above.

"The next item upon the liability side is for 'Reserve Fund, showing the amount set aside from profit to meet contingencies.'

"The last item upon this side of the balance sheet is the balance of undivided profit. It is preferable to show this balance without elaboration upon the balance sheet and in a 'Profit and Loss Apportionment Account' (or the last section of the profit and loss account) to show the connection between the balance shown upon the balance sheet and the balance of the profit and loss account for the current period. There is, however, no more serious objection to showing the details upon the balance sheet except that it does not appear to present the facts of the case so clearly.

"With the question of contingent liabilities it is not necessary to deal at length, beyond stating that all such liabilities must be noted upon the balance sheet, even if it is anticipated that they will not ultimately result in a claim against the company."

Assets. Fixed assets, such as freehold land, leasehold land and leasehold buildings stated separately.

Floating assets, such as stock-in-trade and plant; debts considered good, for which the company holds security; debts considered good, for which the company holds no security; debts considered doubtful and bad.

Investments which should be stated in some detail, and if on account of reserve fund, or sinking fund, the circumstances should be clearly stated.

Cash on hand and cash at bankers on deposit."

The authorized classification prepared by the New York Certified Public Accountants is as follows:

"Assets. Commencing with the most available asset, namely, cash, the amounts lodged in the several banks, and the amount in hand are separately stated and the figures placed in the indent or first column adjoining the text and the total extended into the next or final column.

The properties actually in the possession of the estate, such as land, buildings, plant, equipment and stock-in-trade, should be stated next, placing the separate values of each in the first column and extending the total of all into the outer column giving full particulars of deductions for depreciation and basis of valuation to the extent that responsibility therefor is to be assumed.

Bills receivable being more enforceable or generally more readily realized upon would take precedence over open book accounts in the order of arrangement, and the latter should be classified into good and doubtful, and necessary provision for losses on bad accounts should be shown as well as reserve for customary discounts by deducting from the aggregate sum the amounts respectively charged against the profits to provide for such contingencies.

All actual assets thus available for the satisfaction of the liabilities in the event of liquidation should be first stated and totaled before any quasi or speculative assets, such as claims against the private estates of partners when any question as to their realization may exist (as where the same are unsecured or constitute capital deficits), patent rights, good will, or similar conditional values.

Liabilities. Mortgages against the realty, with reference to the properties stated contra, upon which they are encumbrances, loans secured by collateral pledged therefor, and similar items would rank first against the assets.

Bills payable or other written pledges would precede unsecured trade creditors on open account.

After stating and totaling all the liabilities and obligations to outside creditors it would then be proper to state the various reserve accounts and the capital accounts.

A balance sheet thus framed will show first in classified form the actual assets as opposed and in juxtaposition to the actual liabilities, and the total of each, and thereafter the capital or surplus, or both, as qualified by reserves and opposed to speculative or conditional values.

If the capital precedes the liabilities in the same column the total liabilities exclusive of the capital, is not shown, and if conditional values are first among the assets, or alternate with them in the order of arrangement the actual assets are not shown, and the degree in which the capital as stated on the balance sheet may be qualified by reserves or surplus as augmenting features, or by fictitious or uncertain assets as diminishing features cannot be expressed without a rearrangement of the statement."

343. Double Account Balance Sheet.

The steam railroad double account balance sheet herewith presented may be found of interest:

344. Capital Account.

Dr.		Cr.
1. To Land and freehold buildings,	By Ordinary shares ofeach....	
2. To Leasehold buildings,	per share paid.	
3. To generating machinery and tools,	By Debentures paid up.	
4. To Accumulators, motor trans- formers and apparatus in sub- stations.		
5. To Mains,		
6. To Meters,		
7. To Electrical instruments,		
8. To Furniture for office, Less renewals and depreciation.		

345. General Balance Sheet.

Dr.		Cr.
1. To Capital accounts— Amount received.	1. By Capital account— Amount expended.	
3. To Sundry creditors.	Less renewals and depreciation fund account.	
4. To Net revenue account— Balance at credit thereof.	2. By Stores on hand— Coal oil, waste, etc. General stores, including work in progress.	
	5. By Sundry debtors for current supplied, etc. Less bad debts deducted.	
	6. By Sundry debtors for interest on calls in arrear.	
	7. By Cash at bankers and in hand.	

346. Working Balance Sheet.

A preliminary statement arranged for the purpose of facilitating the sectionalization of the trial balance by distribution to manufacturing trading, profit and loss accounts and to regular balance sheet.

It is found particularly useful to the accountancy student, especially in the case of various departments where the distribution is sometimes complicated when monthly balance sheets and profit and loss accounts are required, but adjustments must be made without making entries in the books until the close of the year. These adjustments referred to under the heading of "Principal Elements of Balance Sheets."

Our illustration shows a working balance sheet for a Brick Manufacturing Co.

WORKING BALANCE SHEET

Month of May 19 10

	Trial Balance		Bricks		Blocks		Tiles		Profit & Loss		Balance Sheet	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Assets	Liabilities
Cash	276	-									276	-
Bonds	3755	-									3755	-
Accounts Receivable	2006	-									2006	-
Furniture & Fixtures	600	-									600	-
Machinery	3705	-									3705	-
Buildings & Land	5100	-									5100	-
Accounts Payable		365										365
Notes		500										500
Capital		10000										10000
Bricks-City	100	-		1000	-							
Labor	3750	-		3750	-							
Expense	802	-		802	-							
Blocks-City	105	-			1776	-						
Labor	3428	-			3428	-						
Expense	120	-			120	-						
Tiles-City	420	-					1020	-				
Labor	2000	-					2000	-				
Expense	60	-					60	-				
Bricks-Selling Expense	250	-		250	-							
Bricks	220	-			220	-						
Tiles	180	-					180	-				
Bricks-Inventory				102	-						102	-
Bricks						1757	-				1757	-
Tiles							566	-			566	-
Bricks-Sales		1179		1179	-							
Bricks		1300			1300	-						
Tiles		670					670	-				
General Expense	520	-						520	-			
Bad Debts	402	-						402	-			
Depreciation	160	-						160	-			
Salaries	800	-						800	-			
	53771	-	53771	-	5702	-	1000	-	6288	-	6330	-
							400	-	710	-		
Bricks-Gross Profit				400	-					400	-	
Blocks					400	-				400	-	
Tiles							127	-		127	-	
Net Profit									727	-		
Surplus												
									11003	-	11003	-
									11700	-	11700	-

347. Municipal Balance Sheet.

See Municipal Accounting.

348. Bank Balance Sheet.

See Bank Accounting.

349. Balance System of Cost Accounting.

Systems of this nature require very carefully compiled records of actual cost of material, direct labor, and direct expense, assembled daily, weekly, or monthly, as may be desired in respect of both completed and uncompleted orders.

The recommended plan—for many reasons affecting the majority of manufacturing businesses—is to distribute indirect labor and manufacturing expense by a percentage over productive labor.

This percentage is varied from time by comparing the expense of the current month with that of previous months, increasing to make up shortages—decreasing to equalize in case of excesses.

350. An Expense Adjustment Account is carried in the cost ledger, which exhibits the averages and shortages which must be equalized and the more frequently the average is struck the less possibility is there of making estimates or prices too low, while abnormal variations may be promptly investigated and remedied. (See Manufacturers' Accounts.)

351. Expense Distribution.

The distribution of manufacturing expense has been referred to under the heading of "Balance System of Cost Accounting."

The basis of distribution of selling and administrative expense depends very much on the business conditions.

In a department store, rent, light, janitor service, etc., may be distributed according to floor space and other general expense—such as general superintendence, etc.—over total sales which usually represent the volume of business transacted and attention consequently given thereto. Composite advertisement expense is distributed on the basis of publication space occupied. Traveling salesman's expense over amount of orders secured for each department.

352. Manufacturing Account.

An account containing only those items pertaining to cost of production. See Manufacturers' Accounts.

Trading Account.

This account originally included cost of production, but when a separate manufacturing account is provided the trading account is composed of

balance from manufacturing account; selling expense; net sales. See **Manufacturers' Accounts**.

The trading account of a wholesale or retail business is arranged as follows:

Debit.		Credit.
\$17,500.00.....	Inventory June 1.	
23,500.00.....	Purchases	
397.50.....	Freight	
150.00.....	Teaming	
500.00.....	Wages	
4,500.00.....	Selling Expense	
	Sales	\$29,250.00
	Inventory, June 30	19,000.00
1,702.50.....		
	Gross Profit	
\$48,250.00		\$48,250.00

353. Turnover.

The actual cost of goods delivered at store, used as a basis for the calculation of periodical percentages for purposes of comparison.

Taking the above trading account as an example, we will obtain the following turnover:

Inventory, June 1	\$17,500.00
Purchases	23,500.00
Freight	397.50
Teaming	150.00
Wages	
Receiving and storing	500.00
	<u>\$42,047.50</u>
Less	
Inventory, June 30	19,000.00
Turnover	<u>\$23,047.50</u>
Sold for	\$29,250.00
Selling Expense	4,500.00
General Expense	1,050.00
Gross Profit (omitting selling expense)	6,202.50
Net Profit	652.50

354. Percentage on Turnover.

Gross Profit	26.91%
Selling Expense	19.52%
General Expense	4.55%
Net Profit	2.83%

355. Trial Balance.

See numerous illustrations as indexed. This unnecessary statement,

and the usually enormous labor involved in its production, may be eliminated by:

a. The adoption of a daily proof system, usually involving very little additional time.

b. The sectionalization of the general and private ledgers so that—with controlling accounts—the manufacturing, trading, profit and loss accounts and balance sheet may be drawn off direct without the intervention of a trial balance.

See Principles and Theory of Accounting, and Checking Systems.

356. Cash Sales Abstract.

357. Charge Sales Abstract.

A summary distributing cash and charge sales to departments or commodities. In some large retail establishments abstract sheets are carried for every line of goods bought and sold by sizes and quantities, and this record may be of considerable importance to the buyers when purchasing new stock.

358. Charts of Classification.

These are made with a view to sectionalizing ledger accounts and the required statistical statements, indicating exactly the desired distribution which will exhibit the desired information.

Charts are also framed for many other purposes, such as graphic increase or decrease of production, arrangement of office, factories, department, duties, etc., etc.

Seven illustrations of various kinds are presented.

359. Comparative Statements.

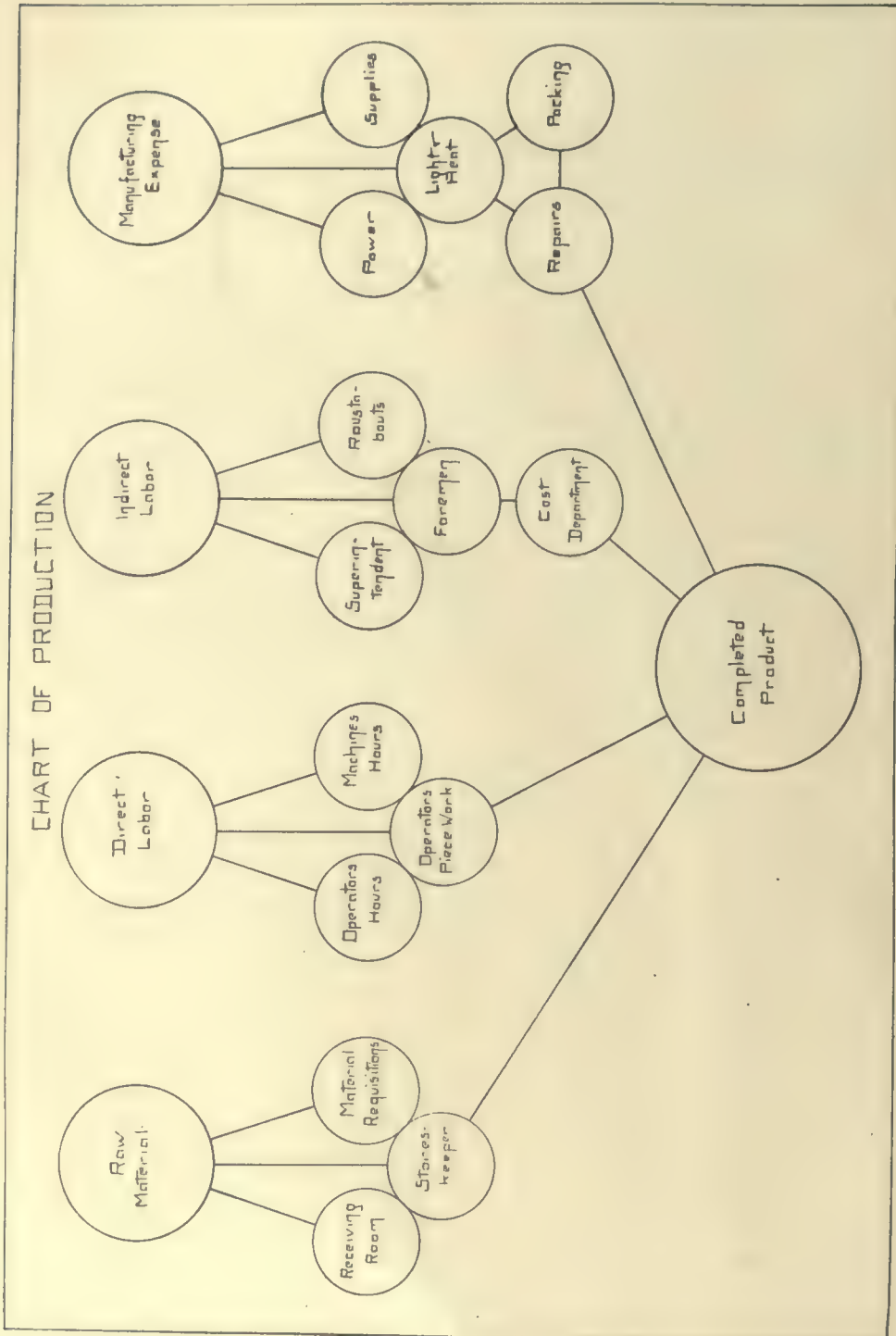
360. Comparative Statistics.

361. Comparative Summaries.

Periodical summaries of purchases, cost of production, sales, classified expenses, etc., exhibiting increases and decreases for consideration and investigation; arranged separately or as extensions of balance sheets, trading and profit and loss accounts, and trial balances; frequently supplemented by tables of comparative percentages.

Six illustrations of various kinds are presented.

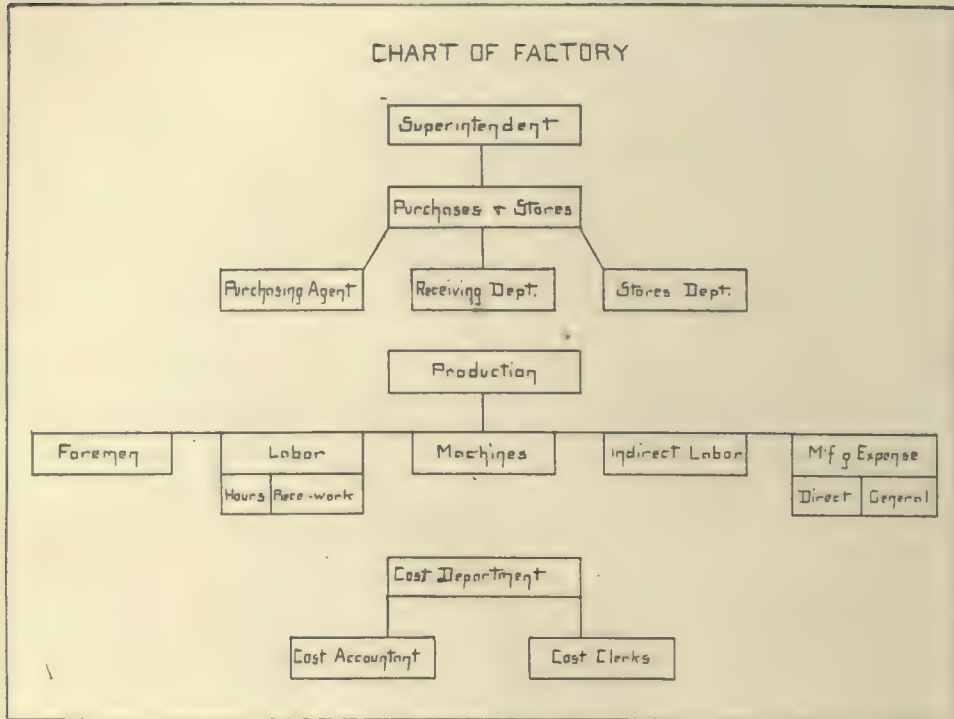
CHART OF COAL BUSINESS			
Trading Account	Expenditures	Purchases Freight Teaming Selling Expense	
			Salesmen Teaming Stable Expense Advertising
	Revenue	Sales	Soft Hard Coke Wood
Profit & Loss Account	Expenditures	Salaries Office Supplies Collection Expense Insurance Depreciation General Expense	
Balance Sheet	Assets	Cash on Hand Cash at Bank Accounts Receivable Wholesale Retail Notes Receivable Furniture and Fixtures Horses and Wagons Real Estate	
	Liabilities	Accounts Payable Notes Capital Stock Surplus	



TRUST CO. DEPARTMENTAL ORGANIZATION

Directors and their Committees
 President, Vice Presidents,
 Secretary, Treasurer

<u>Assistant Treasurer</u>	Gen. Assistant to Sec. - Treas. Loans and Investments	Loan Clerk Stores Clerk Mailing Clerk Stenographer
<u>Assistant Treasurer</u>	Banking Department	Chief Clerk - Stenographers Chief Accountant Commercial Receiving Tellers Paying Clearance Clerks Savings Receiving Tellers Paying Draft and Collection Tellers Collectors Foreign Exchange Teller Women's Receiving Teller Paying New Accounts Clerk Individual Bookkeepers Savings Bookkeepers Office Boys Messengers Porters Janitor
<u>Assistant Secretary</u>	Trust Dept. Corporations	Trust Clerk Transfer Clerk Coupon Clerk Accountant Stenographer
<u>Assistant Secretary or Trust Officer</u>	Trust Department Estates	Clerk for outside work Accountant Stenographer
<u>Assistant Secretary or Trust Officer</u>	Trust Department Liquidations	Clerks Appraisal Clerk Clerks for outside work Accountant Stenographer
<u>Manager Real Estate Department - Assistant</u>		
<u>Manager Safe Deposit Department</u>		
<u>Manager Bond Department - Assistant</u>		
<u>Advertising Manager - Stenographers</u>		
<u>Auditor - Examines all departments</u>		
<u>Attorney - Consulted by officers and employees in all departments</u>		



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SNAP-SHOTS FOR THE BUSINESS MAN.

Drivers' Deliveries.

A method much used by bakeries, laundries, etc., is to make out combined delivery tickets and customers' bills in duplicate. The total of the bills handed to each driver is charged to him on a memorandum account kept in a Drivers' Binder. At the foot of each bill is a perforated receipt for the customer to sign on delivery. These are detached by the driver as signed and returned to the office with collections or to be charged against customers' accounts. The receipts are compared with the duplicate bills and the drivers' accounts credits accordingly.

CHART OF GENERAL STORE

CHART OF GENERAL STORE			
Trading Accounts	Grocery Department	Expenditures Revenue	Purchases Freight and Express Selling Expense <hr/> Sales
	Provision Department	Expenditures Revenue	Purchases Freight and Express Selling Expense Sales
Profit and Loss		Expenditures	Management Office Expense Stable Expense Insurance Collections Bad Debts
Balance Sheet	Assets		Cash Bank Accounts Receivable Bills Furn and Fixtures Horses and Wagons Real Estate
	Liabilities		Accounts Payable Bills Capital Annual Surplus

CHART OF HOSPITAL			
Income and Expenditure Account	Direct Hospital Expense	Ambulance	Salaries Stable Expense Repairs Supplies
		Hospital Nursing House Keeping	Salaries Supplies Sundries
		Laundry	Salaries Material Repairs Sundries
		Pharmacy	Salaries Drugs & Liquors Supplies
		Training School	Salaries Gratuities Fund Supplies Sundries
		Provisions	
	Direct Hospital Receipts	Ambulance Board - Paying Patients Board of Free Patients Board Extra Hospital Nursing Pharmacy Sundries	
	General Expense		Salaries Heat & Light Repairs Depreciation Insurance General Expense Bad Debts Superintendence
	Sundry References		Interest on Investments Discount Donations Income from Endowment Fund Training School Special Funds Sundries
	Assets	Active	Cash Accounts Receivable Notes Inventories
		Fixed	Furniture and Fixtures Apparatus Equipment Buildings and Land Mortgages Bonds and Stocks
Balance Sheet	Liabilities	Current	Accounts Payable Notes
		Capital	Reserves Endowed Beds Depreciation
			Funds Endowment Special

CHART OF MANUFACTURING CO.

CHART OF MANUFACTURING CO.				
Manufacturing Account	Debits		Purchases Freight Labor Direct Labor Indirect Mfg. Expense	Stores Foremen Cost Dept. General
Trading Account	Debits Credits		Selling Expense Sales	Advertising Salesmen Freight and Express
Profit & Loss Account	Expenditures		Office Supplies Salaries Rent Insurance Depreciation General Expense Bond Debts	
Balance Sheet	Assets	Active	Cash on hand Cash at bank Accounts Receivable Notes Receivable Inventories	
		Fixed	Furniture and Fixtures Machinery Plant Belting Shafting, etc	
		Passive	Patents Suspense	
	Liabilities		Accounts Payable Notes Payable Working Capital Capital Stock Surplus	

BALANCE SHEET

COMPARATIVE STATEMENT, Showing agreement

Months	Assets		Liabilities		Increase		Decrease		Current Surplus	Total Surplus	
January	57800	-	50000	-					7800	-	
February	59800	-	50050	-	2000	-	50	-	9750	-	17550
March											
April											
May											
June											
July											
August											
September											
October											
November											
December											

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MANUFACTURING AND PROFIT & LOSS ACCOUNT

between Balance Sheet and Revenue Accounts

Inventory at	Mfg.	Profit & Loss	Total Debit	Increase	Decrease	Sales	Inventory at	Total Credit	Current Net Profit	Total Net Profit
5000	-	2500	-	1200	-	18700	-			
4000	-	2100	-	1250	-	18450	-			
					250					
						22500	-	4000	-	26500
						23700	-	4500	-	28200
									7800	-
									9750	-
										17550

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SECTION VI.

GENERAL OFFICE RECORDS AND FORMS.

362. Acceptance.

The words "Accepted Payable at _____ Bank" make a time draft an acceptance.

363. Bank Draft.

A draft made on a customer through a bank to be presented and collected by a correspondent bank.

364. Bank Deposit Statement.

A statement received from a bank exhibiting amounts deposited and checks paid during the month. See Bank Accounting.

365. Bank Pass Book.

A bound record furnished by banks to their customers in which are inscribed amounts deposited and checks paid. See Bank Accounting.

366. Bill.

Synonymous with invoice.

367. Bill of Exchange.

An order in writing by one person on another directing the latter to pay to a third person a specified amount. Either negotiable or non-negotiable.

368. Foreign Bill of Exchange.

A title used to denominate bills of exchange, the drawer and drawee of which reside in different States (U. S.) or countries.

369. Credit Note.

An advice handed to a customer of amount of credit posted to his account in respect of overcharges, allowances, etc.

370. Credit Memo.

A memorandum issued from one department, or official, to another, authorizing cross or adjusting entries on the books.

371. Credit Voucher.

A special voucher used generally in department stores as authority to customers to obtain refund on goods returned, or payment for allowances made.

372. Debit Note.

A memorandum issued from one department, or official, to another, authorizing cross or adjusting entries on the books.

373. Draft Record.

A record of drafts issued, their disposition and settlement.

374. Interest Rules.

The following rules are in common use and are simple in practice.

375. Fractional Interest Rule.

Find interest on principal for one year at given rate; reduce months and days to the decimal of a year; multiply the interest for one year by given time.

Example.

Find the interest on \$500 for 3 years, 6 months, 21 days, at $3\frac{1}{2}$ per cent.

$3\frac{1}{2}\%$ on \$500 for 1 year=\$17.50.

Divide 21 days by 30=.7

Divide 6.7 mos. by 12=.558.

Add 3 yrs.=3.558

Multiply interest for 1 yr. by 3.558=\$62.27.

376. Six Per Cent Interest Rules.

Divide principal by 6. If no cents are expressed in principal, place decimal one point to the left, and if cents are expressed in principal, place decimal three points to the left, which will give the interest for one day, which multiply by the number of days of interest required, and the result will be the amount of interest due.

Example: Find interest on \$1,249.32 for 78 days at six per cent per annum.

Operation: \$1,249.32 divided by 6 equals 20.822; multiplied by 78 equals \$16,24116. Answer, \$16.24.

For three per cent, cut amount in two; for four per cent, deduct one-third; for five per cent, deduct one-sixth; for seven per cent, add one-sixth; for eight per cent, add one-third; for nine per cent, add one-half, and for ten per cent, adds two-thirds. For four per cent, multiply interest by 4 and divide by 6; for five per cent, multiply interest by 5 and divide by 6; for seven per cent, multiply interest by 7 and divide by 6; for eight per cent, multiply by 8 and divide by 6; for nine per cent, multiply by 9 and divide by 6, or add one-half amount of interest; for ten per cent, multiply by 10 and divide by 6.

Another Good Rule.

Required, the interest on \$250 for 63 days at 6%.

1. The rate for one year is 6%.
2. The rate for 1-6 year, or 2 months, is 1%.
3. 1% of \$250=\$2.50, interest for 60 days.
4. 1-20 of \$2.50=\$0.12½, for interest for 3 days.
5. 2.62½ interest for 63 days.

377. Twelve Per Cent Interest Rule.

Remove decimal in principal two places to the left; multiply by time stated in months, and decimals of a month; multiply the product by rate per cent, and divide that product by 12.

We may simplify and shorten the process by observing the proportion which the required rate bears to 12. For example, deducting $\frac{1}{6}$ of itself from 12 gives us 10; deducting $\frac{1}{4}$ of itself from 12 gives us 9; deducting $\frac{1}{3}$ of itself from 12 gives us 8; dividing 12 by 2 gives us 6; adding $\frac{1}{6}$ of itself gives 7; deducting $\frac{1}{6}$ of itself from 6 gives 5; dividing 12 by 3 gives 4, etc.

378. Rules for finding interest at any rate on any principal for any number of days.

When the principal contains cents, point off four places from the right of the result to express the interest in dollars and cents. When the principal contains dollars only, point off two places.

Four per cent.—Multiply the principal by the number of days to run, and divide by 90.

Five per cent.—Multiply by number of days, and divide by 72.

Six per cent.—Multiply by number of days, and divide by 60.

Seven per cent.—Multiply by number of days, and divide by 52.

Eight per cent.—Multiply by number of days, and divide by 45.

Nine per cent.—Multiply by number of days, and divide by 40.

Ten per cent.—Multiply by number of days, and divide by 36.

Twelve per cent.—Multiply by number of days, and divide by 30.

Fifteen per cent.—Multiply by number of days, and divide by 24.

Eighteen per cent.—Multiply by number of days, and divide by 20.

Twenty per cent.—Multiply by number of days, and divide by 18.

Twenty-four per cent.—Multiply by number of days, and divide by 15.

379. How to Calculate Yearly Interest Allowed on Monthly Payments by Building and Loan Societies Until Shares Are Matured.

Divide number of months by two and add a half month. Multiply result by number of months and compute interest on \$1 at rate per cent established per annum.

Example.

$12 \text{ months} \div 2 = 6$, add $\frac{1}{2}$ month $= 6\frac{1}{2} \times 12 = 78$.

Interest on \$1 @ per cent for 78 months.

$1 \times 5 = 5 \times 78 = 390 \div 12 = 32\frac{1}{2}c$.

380. Compound Interest.

Interest computed on principal plus interest accrued and not paid.

381. Postage Stamp Record.

A record of this kind is necessary for the prevention of peculation.

Provide a form as per illustration and enter on this form quantities handed out to the postage stamp clerk. Have the mail counted when ready for the post-office by a different clerk who will render a report for comparison with the postage stamp record.

382. Stationery and Supplies Record.

Keep in two sections—one for unopened packages and one for loose supplies. Attach a tag to the shelves containing loose supplies under each supply, on which are written quantities as opened and deposited on the shelves. As supplies are withdrawn enter quantity on the tag, which will then always show quantity remaining.

A card index may be carried for supplies in packages as per illustration.

SNAP-SHOTS FOR THE BUSINESS MAN.

Stock Record for the Retail Drug Store.

While it is quite as important for the druggist to keep a record of stock on hand as for any other tradesman, he rarely seems to do it, as may be appreciated by those who ask for something and are informed that it is out of stock but he expects to have a new supply of the article in two or three days. A trade magazine goes so far as to say that if a druggist does not keep a stock record and finds a shelf empty he does not know what was on the shelf.

A card stock record is the best—one card for each article with location of shelf on which it is kept. A sales ticket, or memorandum, should be made for each sale and each evening these tickets should be entered (quantities) on the stock record. This method will discover any shortages which may occur and also call the druggist's attention to the fact that it is time to put in a new order.

Selling prices should be entered on the cards and include rates for different quantities sold in respect of which prices vary. This is a very convenient reference for salesmen.

A Department Advertising Record.

In large stores it is customary to place the advertising in charge of an advertising manager. It is his duty to acquaint himself with the character of the merchandise handled and to consult with the department managers as to attractive qualities and best values. The department manager decides on special lines to be advertised and dates when advertisements should appear and notifies the advertising manager on a blank arranged on the following style.

POSTAGE STAMP DAILY RECORD																	
Date _____ 19____																	
ISSUED					USED					RETURNED							
1	2	3	4	5	1	2	3	4	5	Req.	Sp. Del.	1	2	3	4	5	

Summary

Total Issued		\$20.00
" Charged	\$17.86	
" Returned	<u>2.14</u>	<u>\$20.00</u>

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STATIONERY AND SUPPLIES RECORD					
CARBON SHEETS			500 sheets per package		
Date	Purchased From	Price	No. of Packages	Date	Issued

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SECTION VII.

408. Factory Accounting Records.

The object of keeping accurate records of cost of manufacture or production, is to ascertain not only the items of cost, but that they are reasonable and not excessive. This is a fairly simple problem to solve in the case of factories producing articles based on agreed standards, but the labor involved in superintending production is much greater in connection with special orders secured by contracts based on estimates.

Factories are, therefore, usually classified under two heads:

413. Standard Unit Factories.**414. Special Order Factories.**

The former includes the operation of manufacturing regular, or stock, styles of

Automobiles
Motors
Bicycles
Books
Boots and Shoes
Bricks
Clothing
Confectionery
Furniture
Gloves
Hardware
Hats
Machines
Tools
Angles
I-beams
Railroad Ties
Paper
Stoves
Watches
Wheels
Etc., Etc.

The latter includes all articles made from special designs and intended for specific and not general purposes, and for which, consequently, there will be no general demand.

415. Mining and Construction.

In addition to this classification there is a very important section of production which cannot be identified as belonging to either Class I or Class II, viz.: mining and certain kinds of construction.

A mine produces something of value but does not make it.

A canal is dug but not manufactured, the new material being dispersed instead of used.

416. Accurate Cost Records.

The records of manufacturing cost cover all varieties of raw material and by-products; all kinds of labor—superintendence, regular direct, special direct, indirect; all classes of manufacturing expense—direct, indirect, overhead, etc.:

417. Material Records.

- Purchase Requisitions
- Purchase Orders
- Receiving Reports
- Stores Records
 - Stores Received
 - Stores Disbursed
 - Stores on Hand
 - Stores Transfers
 - Stores Requisitions
- Production Orders
- Shop Orders
- Sub-shop Orders
- Dept. Shop Orders
- Foremen's Orders

418. Labor Records.

- Time-keeper's Reports
- Time Clocks
- Time Cards
- Defective Work
- Payrolls
- Piece Work
- Machine Records
- Department Reports
- Premiums
- Profit-sharing Records
- Weekly Labor Summary
- Summary Time Sheet

419. Manufacturing Expense.

- Draftsmen's Supplies.
- Draftsmen's Cost Records
- Blue Print Records
- Inspection Reports
- Management and Superintendence
- Dept. Indirect Labor
- General Indirect Labor
- General Factory Expense.
 - Power
 - Light

Heat
Repairs
Night Watchman
Janitors
Rent
Insurance
Etc.

420. Comparative Cost Records.

These records are devised and established with the object of demonstrating that the material delivered for use from the stores room has been used in the process of production—that the labor paid for has been, not only charged to cost of production but, employed to the best advantage and not wasted—that factory expense does not without good and sufficient reason increase out of proportion to factory output.

421. Statistical Factory Records.

Weekly Labor Summary
Time Sheet Summary
Payroll Distribution
Department Performance Cards
Daily Expense Record
Weekly Expense Sheet
Monthly Expense Summary
Yearly Expense Summary
Cost Assembly Sheet
Cost Distribution
Monthly Cost Comparison
Cost Summaries

422. Purchase Department.

In order to obtain the best results this department should be properly organized.

One of the preliminary requirements in most manufacturing businesses is to obtain quotations and keep a record of them.

QUOTATION OR PRICE RECORD.

Form 1 is a card index, alphabetically arranged, with guide cards to indicate class of goods for which quotations have been received.

423. Purchase Requisition.

The detail in connection with these depends on the size of the factory. Where there are several departments the foremen send requisitions to the superintendent; the superintendent o. k's them and forwards them to the purchasing agent.

In some factories the storeskeeper forwards the requisitions to the purchasing agent.

In both cases duplicates should be retained by the originator of the requisition for purposes of reference and follow-up.

Form 2 is a requisition blank which will be found suitable for almost any business.

424. Purchase Order.

On receipt of properly authorized requisition the purchasing agent makes a manifold purchase order (Form 3), the number of copies depending on the requirements of the business. The following copies are generally found useful:

1. Purchase Order (original)
To concern from whom purchase is made.
2. Purchase Order (duplicate)
Purchasing Agent's copy to be filed alphabetically for reference in case goods are received before expected.
3. Purchase Order (triplicate)
Purchasing Agent's copy to be filed by due date as a follow-up or tickler.
4. Purchase Order (quadruplicate)
Copy for factory official making requisition.
5. Purchase Order (quintuplicate)
Copy for Receiving Clerk, or Storeskeeper who will check goods on arrival.

PURCHASE TICKLER.

This is a vertical file of folders of the proper dimensions to hold the purchase orders, with extension tabs printed 1 to 31 for each day of the month. In these folders are placed the purchase orders (with factory requisitions attached) in order of date to call attention at the proper time to

Receipt of acknowledgment of order
Date of shipment promised
Date when goods should arrive
Prompt transportation from point to point

425. Receiving Clerk's Report.

As previously indicated, the best plan is to furnish the receiving clerk a copy of the purchase order, but minus quantities ordered that part of the order being omitted by using a short carbon. The receiving clerk reports list of quantities received to the purchasing agent, who checks them with his copy of the order, checks prices, and hands o.k.'d bill to the general office for payment.

Both factory requisitions and purchase orders are consecutively num-

bered. The purchase order contains the requisition number; the invoice bears the purchase order number.

For those who use separate receiving reports Form 4 is presented as an example.

426. Purchase Voucher.

A complete and satisfactory voucher consists of factory requisition, purchase order, receiving clerk's report, invoice, duplicate check, or voucher-check, all filed together.

Purchase and Voucher Records and distribution receive attention in the general office department.

427. Purchase System.

Each foreman, as well as the heads of every department, has a pad of duplicate requisitions, one of which is kept and referred to in making up uturfe (Form 2) requisitions. On these they specify what is needed and for what intended, and send it to the superintendent for his approval or correction. After this it is referred to the purchasing department for estimate as to cost. If the amount is large and they are in doubt as to the placing of the order, they refer it to the superintendent or the manager for approval.

The purchasing department uses a triplicate form (No. 2), adding on the lower left hand corner of the duplicate and triplicate the department ordering, for what intended and when needed. The original order is mailed to the party specified on the order, the duplicate is placed alphabetically (under name of firm from whom material is ordered) in the department's loose leaf book, and the receiving department takes care of the triplicate. In the former case, when order is completed, it is transferred to another binder and in the latter it is taken out of the book and returned to the purchasing department, thus signifying that the order is complete as far as the receiving department is concerned. All original orders are accompanied with a postal card, as follows:

.....190

Your order No.....
 Entered as our order No.....
 Will be shipped.....

 Via
 Remarks:

 Name
 Address

This card is nearly always returned properly filled. In placing the order reference is made to previous orders, thus assisting in making them out correctly, and if any changes have been made in the meantime, or if material was not altogether right, it can be found noted on the previous order.

A loose-leaf price book is kept in which the list, prices and discounts are posted, and which are revised whenever necessary. A card index is kept alphabetically under material heads instead of firms, so that when one cannot recall where a certain thing was formerly purchased a reference to this will assist. This index case must be kept up to date.

All acknowledgments of orders, as well as the order number, is noted on order and, if it is not given prompt attention, the following postal card is issued on which we always note the order when sent and the reply received.

Waynesboro, Pa.....

Gentlemen:

Kindly advise us by RETURN mail WHEN you will ship
the material on our order No. under date
your order No.....

Immediate shipment would be much appreciated.

.....
.....
.....
.....

Yours truly,

By this means we can keep the shop informed as to when an article or delivery of an order may be expected and keep after deliveries with little trouble.

As soon as invoices are received they are stamped with a rubber stamp, as per illustration, and the checking begins. First, if invoice corresponds with order, next if price is all right, and extensions. Then as to charging freight, if f. o. b., delivery point so indicated. After the word "For" we specify the classification for the book-keeper's entry. This classification is derived from the requisition under the heading "Intended for," which should be always noted on duplicate and triplicate as previously stated. The folio and paid spaces are for the book-keeper's record. If the invoice covers the entire order the date of same is marked over the dollar and cents columns and the amount placed therein. If one or two items are invoiced, then the date of invoice goes in the dollar and cents column on the line which item it covers. Or if there are several invoices to one item, the back of the order is ruled and entered under these headings, as fol-

lows: Received, quantity, date of invoice, amount. We always take particular care in making note of all invoices so that no duplicates are O. K.'d and paid.

The invoices are kept in a drawer with two compartments, one for invoices not complete and the other for those satisfactorily checked and ready for posting.

The freight and express books correspond to the book-keepers' classification and are totaled once a month, the totals being taken for entry by the book-keeper. The reason for this is that the purchasing department does all the classification of the material through the invoice and the freight and express on books, as they are in the best position to know for what the material was intended. These books must be ruled and printed to suit the book-keepers' classification.

As the reports are delivered from the receiving department, they are checked off the purchasing order book and on the invoices we mark the date when material is received and if a carload lot, the weight ticket is attached to the invoice. Before transferring the complete order, if there is anything which pertains to the order out of the ordinary it is noted on order, also after "per" we stamp date when order was completed. Later, when we want to order the same material, a careful and complete record can be had by referring to former order.

What we call a complete record is, the name of firm furnishing material, specification, date and number of order, promises of delivery, material was intended, prices or discounts, irregularities or if anything actual delivery or deliveries, date or dates of invoices and amounts, where wrong with material received.

Lastly, the receiving department gets a copy of the order and if the invoice has been received they have a duplicate of that, so they know how to check the material and make the proper entry on the daily report sheet, and can also advise when order and invoices are complete.

As soon as the freight or express arrives, a notation is made of the firm from whom that material was purchased and how received, and if received damaged same is reported to the railroad company or express company, and to the purchasing department, so that immediate attention can be given to it. This record is also used by them in signing for the freight and noting on the receipts the firm whom that material was ordered, thus assisting in posting same.

Freight receipts, as well as filled orders and duplicate copies of invoices are put in a pigeon hole so they can be collected with the daily reports. This daily report is a tablet in triplicate form with blank space for page and data and a vertical line at the left for quantity column. On it is noted name of party from whom goods received were ordered as well as order to which material applied with the materials itemized exactly as received and if by freight or express. The original goes to the purchasing department, the duplicate is retained and the triplicate goes to the master mechanic. After material is satisfactorily checked it is delivered to the department which ordered it, and by reference to their duplicate requisition they can see if they got what was ordered.

The advantages gained by this system is, first, in the requisition; each foreman knows what he ordered, the purchasing department knows for what the material is intended, where needed and how far ahead it provides, all without running after the information. Errors can easily be traced. All requisitions are carefully checked, and before being placed the cost is known, except in repairs and exceptional instances. By referring to the orders the date, number, firms' address, prices, items and quantity, delivery and all pertaining to it can be quickly and accurately obtained. Only one book is necessary and all orders in it are alive as filled ones are transferred. Every article can be traced in the various stages from shop order for same until delivered. The receiving department is furnished with the necessary information to do their work.

428. Stores Records.

These naturally vary with the kind of business conducted, but the general principles are the same. Card records are usually preferred because of facility of cross-indexing, reference and handling, but loose-leaf records are also much appreciated. Bound books are entirely unsuitable except in the case of only one kind of raw material being used.

Store records are sectionalized as much as possible, large guide cards for different kinds of material, small guide cards for different sizes, etc.

Separate files are carried for rough stores, ordinary stores, and finished stock.

See Forms 7, 8 and 9.

429. Stores Requisitions.

These are requisitions made by authorized parties on the storeskeeper. They should be made in triplicate, one copy being retained by department foremen for reference, one copy retained by storeskeeper as

voucher for stores delivered, and one copy handed to cost clerk to be used for balance purposes described hereafter. See Form 10.

430. Production and Shop Orders.

No work of any description is undertaken without a shop order duly signed by the superintendent, or manager of the factory.

Production order is the title usually given to the instructions received from the executive office.

A shop order is made from the production order by the factory superintendent, a duplicate being furnished the executive office.

In large factories, with many departments, sub-shop orders are given the department foremen. Where the work, however, progresses from one department to another coupon shop orders are sometimes used, the foreman of department No. 1 detaching his coupon when the work is transferred to department No. 2.

Blue prints and lists of parts to be used are attached to shop orders when the process of manufacture is complicated or includes numerous standard parts, such as adding machines, typewriters, etc.

See Forms 14, 15, 16 and 17.

431. Material and Labor Records.

These record actual material used or wasted, and actual hours employed on each job, or part of job.

Separate time cards, or sheets, should be issued each day on each job and handed in each day to the cost department for balance purposes and preparation of assembling sheets which will exhibit total cost.

Separate time cards should be issued each day on each job to each workman.

This prevents confusion and error in analyzing and distributing costs in the cost department, and also permits all records in connection with one job to be filed away together.

For examples see Forms 11, 12 and 13.

432. Check on Time Cards.

A very good plan is the employment of a time clock and a comparison of the time clock record with the time reported on various jobs on the operation as O. K.'d by the foremen.

433. Premiums and Profit-sharing Systems.

These percentages are calculated in the cost department office according to such rules as may be laid down.

There are several published methods and considerable discussion as to whether a limit should, or should not, be placed on a wage-earner's capacity. It is well known that where union standard wages are paid, the operators do not attempt—as a rule—to raise the standard of efficiency, while it is a discouraging fact that employers have frequently reduced premiums, and even regular wage rates, when workmen have increased the volume of hourly, or daily, production.

The usual plan adopted is after the following style: An operator performs a certain piece of work—turns out a certain part—in half an hour, or twenty parts per day of ten hours. In order to stimulate production the employer offers one-third extra time on all parts turned out per day over twenty. Under the influence of this offer the workman turns out twenty-four parts per day. He is paid a regular wage of \$3 per day, equivalent to 15 cents per part. One-third of 15 cents is 5 cents. He therefore receives a bonus of 20 cents for the four extra parts turned out.

Other premium systems inflict a penalty on those who fail to reach the standard output by a deduction from bonus previously earned, while in one case the operator, who by quick work turns out—say—10 hours per week, this being computed on the basis of the standard time allowed for the job, is not only given full extra time for 10 hours, but is also given a bonus of 20% on his total weekly wages including the extra time. It is needless to say that such generosity is quite unusual.

434. Pay-rolls and Time Summaries.

These are the assembled labor records by operator instead of by job. They are arranged by hour, day, or quantity (piece work) and must agree with a recapitulation of the time as reported on the time cards.

Where employees are fairly permanent the use of short leaves by the excision of the names column is a labor-saving device, making one list of names last for several weeks without rewriting.

In some establishments a distribution of labor by jobs is made a part of the payroll, but it is more customary to use a separate assembly sheet.

435. Cost Summaries.

This is the title given to records exhibiting—

- a. Cost of quantities produced periodically.
- b. Cost of jobs completed periodically.

The former style is mostly used for comparative purposes in factories denoted as Class I.

The latter style is found of great value in periodical reports for Class II.

It includes all items belonging to prime cost and factory expense, thus making it easy to compute profits or losses daily, weekly, or monthly, as may be desired. See Forms 18, 19 and 20.

436. Factory Expense.

The following description and explanation is quoted from one of Mr. J. B. Griffith's contributions to this very important section of Manufacturers' Accounts.

"In addition to the items of material and direct labor, the cost of indirect labor and general expense enters into the cost of the job. By indirect labor is meant that labor which, while necessary in the conduct of the factory, does not enter directly into the manufacture of the goods, or in other words, cannot be applied directly to a given job. This includes the salary of the superintendent, salary of the factory clerk or cost-keeper and general laborers. One of the accepted methods of apportioning this item is on the basis of indirect labor to direct labor in a given pay-roll period. Suppose that during the pay-roll period the cost of direct labor as shown by the time cards is \$500.00; the pay-roll is, say \$550.00, leaving \$50.00 to be charged to indirect labor. Dividing \$50.00 by \$500.00 gives 10 per cent., therefore to each job there should be added for indirect labor, 10 per cent. of the cost of direct labor.

General expense includes rent, insurance, taxes, power, light, heat, factory supplies, and all of the expense of the factory not otherwise accounted for. This may be apportioned on the same basis as indirect labor, *i. e.*, add the percentage which the general expenses for the month bear to the total charge for direct labor during the same period.

437. Controlling Accounts.

In the general ledger you are now carrying a labor account, material account, and the various expense accounts. In order to carry out the balance plan of improved systems, it will be necessary to open either in your general or private ledger, certain other accounts which, for convenience, we term "controlling accounts." First, you should open an account known as "manufacturing account," which will be an exhibit of the total cost

of manufacturing your goods. When materials are received they will, of course, be charged direct to the various material accounts. Each day the materials issued, as shown by the material slips already referred to, should be figured at cost and these amounts credited to the various material accounts and charged to manufacturing account. At the end of a pay-roll period, the total amount of the pay-roll is charged to labor account. Each day the cost of direct labor as shown by the time cards should be credited to labor account and the amount charged to manufacturing account.

The next account to be opened is the expense adjustment account. Referring to the various expense accounts, it will be seen that many of these accounts are made up of items which are paid but once or twice a year. As an illustration, take the items of taxes and insurance. The total amount for the year is paid at one time but each month one-twelfth of this amount should be apportioned to the jobs of that month, therefore such accounts will, at the end of the month, be credited with one-twelfth of the yearly amount and this item will be charged to expense adjustment account. In the case of other expense accounts, where the items paid out apply to the current month only, the total amounts will be credited and charged to the expense account. The labor account has been charged with the total pay-roll and credited with the direct labor, leaving a balance which represents indirect labor. This item should be credited to labor account, thus balancing that account at the end of the month, and charged to expense adjustment account.

We now have total cost of expenses and indirect labor charged to the expense adjustment account and, for convenience in figuring the cost on individual jobs, we can use one percentage which will be the ratio that the total expenses bear to the direct labor for the month. If this happens to be 25 per cent. of the cost of direct labor, we will use that percentage to cover the item of factory expense on the next months' jobs. As the costs are figured on individual jobs, the total factory expense charged will be credited to expense adjustment account and charged to manufacturing account. At the end of current month, we may find that there is a small balance in the expense adjustment account for the reason that the percentage has varied from that of the previous month. Perhaps the exact percentage will be 26 per cent., which will leave a debit balance, or it may be but 24½ per cent. which would leave a small credit balance. To adjust this, it will be necessary to make an increase or decrease as the case may be, in the percentage during the next succeeding month.

As the jobs are completed, the total cost of material, labor, and factory expense will be credited to manufacturing account and charged to finished goods account which represents the finished goods on hand. To this latter account, *i. e.*, finished goods, will be credited all sales at cost.

In the matter of parts finished for stock, the cost of the completed jobs will be credited to the manufacturing account but instead of being charged to finished goods account, it will be charged to the material account representing finished stores. In the case of material returned to stock which has previously been charged to a given job, the amount will be credited to manufacturing account and charged to the proper material account.

Our general and controlling accounts will now exhibit the following information: The balances of the various material accounts will represent the value of the rough and finished stores in the stores-room. The balance of the manufacturing account will represent the cost in material, labor and expense of all unfinished goods in process. The balance of the finished goods account will represent the cost of all finished goods in stock. This brings the perpetual inventory into the general ledger and the only possible discrepancy will be the slight balance which may be on either side of the ledger in the Expense Adjustment Account and this will be cared for during the following month. When the system has been in operation a few months there should be practically no balances in this account."

438. Improved Balance System.

There is not a manufacturer in the country who does not desire a system of records which will enable him at all times to keep in close touch with the production of the factory. There are a number of spokes in the factory wheel which—to ensure business success—must receive constant attention.

The purchasing agent may use bad judgment, raw material may be delayed (thus holding up, perhaps, contract work which must be delivered complete on a certain date)—a shop foreman may be inefficient, improperly distributing the work, thus resulting in a waste of time—all these imperfections of system resulting in an unnecessary and disastrous increase in the cost of production.

Particularly in the case of factories manufacturing standard goods it is found unsatisfactory and insufficient to receive statistical reports only on completion of work orders or at the end of each month. The factory

manager desires a comparative statement in perpetual motion and he cannot satisfactorily secure this by unremitting superintendence.

The Improved Balance System of cost accounting was an important step in the right direction and we will briefly summarize the plan on which it was based.

The first step in production is, of course, the shop order. In the manufacture of standard products, such as automobiles, bicycles, beams and angles for bridges, boots and shoes, furniture, harness, etc.—the quantity of raw material to be used may be specified either in the shop order or on a special specification sheet. The foreman of each shop makes requisition on the stores-keeper for the quantity of material required.

Each operator is supplied with a work ticket for each job on which is recorded the time spent on that job, and the total time accounted for each day is compared for agreement with the time clock record.

Shop expense (including unproductive labor) is prorated on the basis of productive labor, *i. e.*, if shop expense, etc., amounts in one month to \$1,000 and total productive labor on complete and uncompleted work to \$10,000 for last month, 10 per cent of shop expense is added the next month to the cost of each completed job. For statistical purposes this 10 per cent is also added to the work actually performed on jobs not yet completed.

439. Expense Distribution Account.

An Expense Distribution account is carried in the cost ledger to which all expense is debited. At the close of each month the expense distribution over complete and uncompleted work is summarized and the total credited to Expense Distribution account. On the balance remaining in this account then depends the percentage of distribution for the coming month. If a credit balance, the percentage is decreased; if a debit balance, the percentage is increased.

If actual production has not varied in quantity an investigation of the cause of either increase or decrease in percentage of expense is immediately instituted—usually with satisfactory results.

If quantity of production has increased that is no reason, ordinarily, why the percentage of expense should proportionately increase. Improved machinery, more skilful workmen, a more competent factory superintendent

large pay-roll deficit. The Daily Comparative Cost System blossomed from surprise at the extinction of check figures, reverse posting, etc. It involves very little extra work and sheds a powerful light on every hole and corner of the factory—on every operator and the work he accomplishes.

442. Daily Comparative Cost Record.

For each job, or work order, a separate time ticket must be issued each day to each operator. At the close of each day these time tickets are collected. The next morning they are sorted by job numbers, added with celerity by an adding machine and entered in the productive labor column of the Daily Comparative Cost Record. No extra work, as these operations would have to be performed at the end of the month.

Provide daily reports from shop foremen of Direct Expense on work in process and enter same in Daily Comparative Cost Summary.

Enter in column of summary provided for that purpose the regular percentage of unproductive labor to each job in process, as previously illustrated and explained.

Enter in column of summary provided for that purpose the regular percentage of indirect expenses for each job in process. With adding machine make recapitulation of quantities and values of materials issued on shop requisitions and enter in Daily Comparative Cost Summary. No extra work.

Provide daily reports from foremen of spoiled or rejected work and names of operators responsible for same.

443. Daily Comparative Cost Summary.

The Daily Comparative Cost Summary will then appear as follows:

DAILY COMPARATIVE COST SUMMARY.

ARTICLE No. 18.

Time—Maximum.....	Time—Minimum.....
Standard unit \$.....	Selling price \$.....
Quantities	
Material	Values.
.....	\$.....
.....
.....
Labor
Direct expense.....	\$.....
Distributive percentage	\$.....
	\$.....
	Totals.

Form 27.

444. Machine Operating and Cost Records.

In order to ascertain exact cost of product, the life of machines used should be estimated. On this basis the cost of a machine, with maintenance added, may be divided by the number of working hours per year plus number of years of estimated life, and a rate per hour established. In case of temporary shut downs the cost per hour must be added to general expense and distributed that way. It is a well understood fact that the life of a machine is not prolonged to any appreciable extent by temporary disuse.

Machinery discarded on account of being out of use by reason of new inventions is a diminution of assets and therefore a loss.

445. Pro-rating Factory Expense.

While there are exceptions to every rule, it is usually the case that the cost of material fluctuates while the cost of labor is comparatively uniform.

Thus, the cost of material for a small casting might not differ much from the cost of that used for a large one, while the cost of labor on the latter might treble that on the former.

446. Tools.

An inventory should be kept of all tools, arranged to show tools issued, to whom, and returned. Tools should be issued on requisition duly signed by party responsible for same.

447. Depreciation of Machinery and Tools.

This subject has been fully considered under the heading of "Depreciation."

A rate on diminishing values is recommended as the most equitable, as a machine is of greater value when new than after several years of wear and tear.

An expert calculates diminishing value rates on different years of working life as follows:

Years.	Per cent.	Years.	Per cent.
4	47½	16	13½
5	40	18	12
6	31¾	20	10¾
7	26½	21	10¼
8	24½	22	9¾
9	22½	24 ¼	9½
10	20½	26	8½
11	18½	30	7¼
13	16	28	7¾
15	14¼		

METHOD OF HANDLING MACHINE SHOP STOCK AND OPERATION ACCOUNTS.

Into the stock account is charged all of the necessary material and supplies furnished the shop for manufacturing, finishing and general repair work, which includes the material purchased and also furnished by the warehouse, the charges thereby derived being the net amount charged against stock account.

The credits to the stock account are derived through the shop orders completed and closed each month, as per sample of form No. 1, under the heading of material used.

The credits to this account are derived by compiling the total amount at the end of the month posted on form illustrated, to which is added the cost of Overhead Expense, this expense being prorated on a percentage basis among the orders closed out, so that each will bear its proportion of this expense. It will be seen that due to the fact that all expense of a shop cannot be located by direct postings to individual jobs on account of indirect charges for labor and material, that a percentage to cover this expense must be arrived at, based on its proportion of the total expense, for illustration:

Total machine shop expense at close of month, say	\$2,000.00
Direct postings on shop orders, as per tickets	\$1,200.00
A/C of unlocated or "overhead expense," 40%	800.00

I might mention in this connection that we carry during the month a shop order to cover all labor, material and supplies expended in the up-keep and maintenance of machine shop equipment which we style "General Shop Order."

Form 2 is used and filled out daily by the mechanic on each job, and is approved by the foreman each night when turned in to him, thus verifying its correctness. These tickets are in turn sent to the shop clerk, who posts them to form No. 1.

Machine Shop Operations.

To this account is charged the time of foreman and mechanics employed, and such operating supplies which cannot be localized and charged to separate or individual jobs, thus making it necessary to carry the items as a general expense, which we carry under "Overhead Expense," which is explained below. The items making up such supplies are diversified and in many instances the proper accounting for same depends upon the judgment of the party handling the distribution and his knowledge of the material and its usage; however, the following list of supplies may be properly considered expense or cost of operations: Small shop tools

used to replace worn or broken tools, such as hammers, chisels, files, tool handles, cutter wheels, dies, jigs (only when made to replace broken or worn out jigs) and other shop tools that come under this heading. It will be understood, however, that the cost or original investment in these tools will be handled as plant account under the heading "Machine Shop Equipment." Other supplies will be waste, lubricating and refined oils, graphite, grease, plumbago, emery or sand paper, and in some instances packing (packing in most instances can be located to a particular job) and in fact all perishable supplies used in operations which cannot be localized.

Distribution of Charges From Shop Orders.

The charges contained on shop orders are always for some specific purpose, be it manufactured, finished or repaired machinery or parts, and the job or location directly benefited will be charged with the amount of the order. But this rule will not always apply, as, for instance, pumps and engines are sent in from one of the oil-fields to the shop for repairs. The charge for repairing this class of equipment is based on the locations where it has been in service, and upon receipt of equipment at machine shop the foreman is furnished with a tag giving the record of service of the piece of equipment, and when same is repaired the charge is made to Operating Expense to the oil-field leases upon which the equipment deteriorated. Each lease stands its proportion of the repairs based on percentage of the time located on each lease. Our equipment record furnishes the information relative to service of each piece of equipment, its condition, etc.

It will be readily seen that the method of handling machine shop stock and operations, as outlined above in its simplicity, will leave no excuse for confusion, and will get the desired results at a minimum cost.

Folio
Paid
Received
Order
Prices
Amount
Freight
For

Form 3-1401B.Form 2A-1398.

STORES RECORD (Vertical)									
Article _____		Size _____		Location _____					
Minimum _____		Normal _____		Maximum _____					
	Date	Quantity	Date	Quantity	Date	Quantity	Date	Quantity	
Balance on Hand									
Received									
Requisition No.									
Issued									
On Hand									

Form 7—1402.

RECEIVING CLERK'S REPORT	
Received From _____	
Date _____	
Description _____	
Quantity _____	
Quality O.K. _____	Weight O.K. _____
Entered on Stock Card _____	
Signature _____	
Receiving Clerk	

Form 4—1400.

PRODUCTION OR SHOP ORDER.

THE DETROIT MOTOR CAR CO.

Job No..... Date.....19....
 To Foreman of.....Dept. Make the following:

Send lamp from Glidden Tour car to The Guide Motor Lamp Co., per
 our order.

THE DETROIT MOTOR CAR CO.

Per.....
 Order Completed.....190....

Form 11-1408.

COUPON TIN SHOP ORDER

DATE		MATERIAL			
Bodies	Boxes	Sheets	Tin		
Tops	Boxes	Sheets	Tin		
Bottoms	Boxes	Sheets	Tin		
Ears	Boxes	Sheets	Tin		
Caps	Boxes	Sheets	Tin		
Bail Wire		Lbs.			
Solder Seams		Lbs.	.025		
Solder Ends		Lbs.	.025		
Solder Balls		Lbs.	.025		
Solder Leaks		Lbs.	.025		
Saving					
Saving					
Saving					
Saving					
Saving					
Net Material Cost.....					
LABOR.					
A.	Get Stock				
B.	Cut Stock				
C.	Press Work, Bodies				
D.	Tops				
E.	Bottoms				
F.	Ears				
G.	Caps				
H.	Forming				
I & J.	Side Seaming				
K.	Ending and Crimping				
L.	Soldering Ends				
M.	Balls Made				
N.	Bumping				
O & P.	Bailing				
Q.	Testing				
R.	Repairing				
S.	General				
Percentage added to labor.....					
Total Cost.....					
Cost per 100.....					
Name.....					
Last.....					
Material.....					
Labor.....					
Expense.....					

Form 12-1408.

No. A Get up Stock for....No...
 Get up.....Boxes.....
 Get up.....Boxes.....
 Get up.....Boxes.....
 Check No.....Hours.....

No. B Cut Stock for....No...
 Bodies ..Boxes Sheets No..Date..
 Tops ..Boxes Sheets No..Date..
 Bottoms ..Boxes Sheets No..Date..
 Caps ..Boxes Sheets No..Date..
 Check No.....Hours.....

No. C Press Work for....No...
 Bodies ..
 Saving ..
 Waste ..
 Check No.....

No. D Press Work for....No...
 Tops ..
 Saving ..
 Waste ..
 Check No.....

No. E Press Work for....No...
 Bottoms ..
 Saving ..
 Waste ..
 Check No.....

No. F Press Work for....No...
 Ears ..
 Saving ..
 Waste ..
 Check No.....

No. G Press Work for....No...
 No.Caps ..
 Saving ..
 Waste ..
 Check No.....

TIME CARD								WOOLEN MILL					
CARD ROOM													
		Lot	Weight	Card	Size	Style	Color	Time Started	Time Out	No.1 Cleaned	No.2 Cleaned	Time Last No.1	Time Last No.2
MON.	Day												
	Night												
TUES.	Day												
	Night												
WED.	Day												
	Night												
THUR.	Day												
	Night												
FRI.	Day												
	Night												
SAT.	Day												
	Night												
TOTAL													

Form 12A—1412.

MATERIAL RECORD							
Shop Order No. _____				Ordered By _____			
Description _____							
Date	Req. No.	Pattern No.	Quantity	Date	Req. No.	Pattern No.	Quantity

Form 14—1409.

MONTHLY COST SUMMARY - CEMENT CO.							
COST STATEMENT FOR THE MONTH AND PERIOD ENDED 19							
ACCOUNT	Mo. of 19		Mo. of 19		Mo. of 19		
	Amount	Cost per Bbl.	Amount	Cost per Bbl.	Amount	Cost per Bbl.	
CONDUCTING MANUFACTURE							
Superintendence							
Engineers							
Electric							
Shipping Expenses							
Watermen							
Postage and Freight							
Carriage							
Other Expenses							
Expenses and Assistance							
Laboratory Supplies							
Manufacturing Expenses							
Repairs to Mill Building							
Repairs to Structures							
TELEGRAPH AND TELEPHONE							
Supplies							
Repairs - Labor							
Repairs - Material							
Total							
PACKING, LOADING AND SHIPPING							
Superintendence							
Labor							
Supplies							
Loading, White Box							
Repairs - Labor							
Repairs - Material							
of Building							
Handling & Repairs of & Dark Bags							
Other Expenses							
Total							

Form 18-1415.

COST SUMMARY		WOOLEN MILL			
Name					
Date Ordered	Date Begun	Date Finished			
	Labor	Material	Factory Exp.	Total	
Sorting	15				
Washing	1 00				
Card and Comb	1 00				
	2 15	100 00	5 00	107 15	
Pounds Wool Used 500					
Average Cost Mfg Comb per lbs 28 1/4					
Net Pounds Produced 380					

Form 19-1416.

NAME _____ CLOCK NO. _____

[illegible]

Form 29-1423.

COST		ORDER No.	FOR		No. 146½	
NUMBER AND DIMENSIONS OF ARTICLES						
STEEL	LBS. (C)	F	+	-	STOCKS	
WORKS	NUMBER	TIME	RATE	LABOR COST	LABOR ?	FACTORY COST
FORGING						FACTORY COST
FORGING						EXPENSE \$
ANNEALING						COST
PRESS WORK						PROFIT \$
EMERY WORK						SELLING PRICE
HARD'G TEMPO						
HARD'G TEMPO						
STRAIGHTENING						
STRAIGHTENING						
RACE						
FACE						
DEVEL						
POLISH						
DRILL						
LATHC						
PLANNER						FIGURED
VICE						
TEMPLET						
					STOCK	

Form 30-1424.

DAY SERVICE CARD				
Check No. _____		Date _____ '9__		
Change to Shop Order	NAME		Hours	Amount
Dept:	Description of Work			
Operation				
Inspected by Foreman _____				

Form 33—1427.

STYLE _____				SAMPLE No. _____			
				SELLS AT \$ _____			
DESCRIPTION OF UPPERS				DESCRIPTION OF UPPERS			
Upper Leather				Bolt forward		Cutting Uppers	
Vamps	Quarters			Backles		Linings & Trim	
Tops	Facing			Laces or Ribbons		Marking Linings	
Laces	Trim					Stock Filling	
Backstraps						Fitting Room	
						Bottoming Room	
						Shipping Room	
Out. Tongues	Lace Stay			Total		Foreman, etc.	
Lining Vamp	Lining						
Interlining	Ball Lining			BOTTOM STOCK		TOTAL COST	
Facings Lining	Tongue Lining			Outsoles		Uppers	
Bottom Stay	Corsets			Insoles		Bottom Stock	
Cloth Top	Crimping			Counters		Thread & Findings	
Back Lining				Heels		Cases	
				Top Pieces		Com. Disc	
Eyelets				Sole Les. Boxes		Loss and Depreciat n	
Buttons				Turn Shafts		Expense Office	
Silk & Thread				Wetling		Expense Factory	
Web				Cork Filling		Lasts and Patterns	
Binding	Boots			Total		Total	
	Carried forward						
	Total						

Form 34—1428.

[illegible]

1431

LABOR AND MATERIAL RECORD				Order No. _____		
Name _____		Occupation _____		Date _____		
RECORD OF LABOR				RECORD OF MATERIAL		Remarks
Operation	Quantity	Time		Class or kind	Quantity	
		Hrs	Min			

Approved _____
 Foreman

1432

SECTION VIII. CORPORATION RECORDS AND DEFINITIONS.

What is a Corporation?

An organization of individuals formed for the purpose of transaction of business for mutual profit, public benefit, or co-operation with a view to mutual entertainment, education, or aid.

448. Mutual Profit.

Manufacturing, trading, transportation, banking, insurance, professional.

449. Public Benefit.

States, counties, cities, hospitals, institutions.

450. Mutual Entertainment, Education or Aid.

Societies, clubs, churches, colleges, schools, etc.

Mutual profit corporations are organized by state charter and the issue of capital stock to subscribers for same, this stock representing the value of the interest of each stockholder in the corporation.

Each stockholder is entitled to participate in the management of the corporation by voting for the election of officers and directors, and upon other questions as prescribed by the by-laws.

The liability of each stockholder is limited to the par value of the stock he holds, and in case of the insolvency of the corporation his loss is restricted to that amount.

The corporation brings suit through its officers, so that individual stockholders are not involved in the suit.

The corporation stock is transferable and may be disposed of at any time—unless otherwise specified in the by-laws—by the stockholder holding it.

Corporation laws vary greatly in different states and their provisions must be carefully studied by those who organize and conduct these associations.

Articles and by-laws of corporations are usually arranged along the same general lines, with such special clauses added as the nature of the business requires.

Public Benefit corporations are also termed quasi-corporations as involving neither the holding of stock or membership, unless the voting public are considered as members.

Membership corporations are organized by state charter, and based upon membership fees and dues instead of stock subscriptions.

451. Articles of Association and By-laws.

A sample for the guidance of our readers is presented, being those adopted by a large mining company.

ARTICLE OF ASSOCIATION
of

.....

We, the undersigned, desiring to become incorporated under the provision of Act No. of the Public Acts of, entitled "An act to revise the laws providing for the incorporation of all manufacturing companies and mercantile companies, or any union of the two, and to fix the duties and liabilities of such corporations," and the acts amendatory thereof and supplementary thereto, do hereby make, execute, and adopt the following articles of association, to-wit:

Article 1.

The name assumed by this association, and by which it shall be known in law, is.....

Article 2.

The purpose, or purposes, of this corporation are as follows:

.....

Article 3.

The operations of this corporation are to be carried on in the County of, State of

Article 4.

The capital stock of the corporation hereby organized is the sum of dollars.

Article 5.

The number of shares into which the capital stock is divided is of the par value of ten dollars each.

Article 6.

The amount of said stock actually paid in at the date hereof is the sum of dollars, being per cent. of the capital stock.

Article 7.

The office in the State of, for the transaction of business, shall be kept at

Article 8.

The term of existence of this corporation is fixed at years from the date hereof.

Article 9.

The names of the stockholders, their respective residences, and the number of shares of stock subscribed for by each, are as follows:

Names.	Residence.	No. of Shares.
.....
.....
.....
.....

In Witness Whereof, We, the parties hereby associating, for the purpose of giving legal effect to these articles, hereunto sign our names, this day of, A. D. 19..

Names.	Names.
.....
.....
.....

Form of Acknowledgment of Signature.

State of, County of, ss.

On this day of, 19.., before me
a in and for said County, personally appeared
.....
.....
.....
known to me to be the persons named in, and who executed the foregoing
instrument, and severally acknowledged that they executed the same freely
and for the intents and purposes therein mentioned.

Articles of Incorporation of the.....

Registered Office with the

Name.

First. The name of the corporation shall be

Principal Office.

Second. The location of its principal office in the State of.....
shall be at, at, in the
County of, and said Corporation shall be registered with
the Trust Company. The said Trust Company is the
agent therein, and in charge thereof, and upon whom process against this
Corporation may be served.

Object.

Third. That the objects for which, and for each of which, this Cor-
poration is formed, are:

To manufacture, buy, sell, deal in and deal with steel or iron, or both, and all like or kindred products; to mine, manufacture, prepare for market, market and sell the same, and any articles or product in the manufacture or composition of which metal is a factor, including the acquisition by purchase, mining, manufacture, or otherwise of all material, supplies, and other articles necessary or convenient for use in connection with and in carrying on the business herein mentioned, or any part thereof.

To build, construct, repair, maintain, and operate water, gas, or electrical works, tunnels, bridges, viaducts, canals, wharves, piers and railroads, and any like works of internal improvement, or public use, or utility.

In furtherance, and not in limitation, of the general powers conferred by the laws of the State of, and of the objects and purposes as herein above stated, it is hereby expressly provided that the Company shall have also the following powers, that is to say:

Powers.

(a) To do any or all of the things herein set forth as objects, purposes, powers or otherwise, to the same extent, and as fully, as natural persons might or could do, and in any part of the world, as principals, agents, contractors, trustees or otherwise.

(b) To conduct its business in all its branches, and have one or more offices, and unlimitedly to hold, purchase, and convey, real and personal property, both within and without the State of, and in all other States, Territories, and Colonies of the United States, and in all foreign countries and places.

(c) To manufacture, purchase, or otherwise acquire, hold, own, sell, assign and transfer, invest, trade, deal in and deal with goods, wares, and merchandise and property of every class and description, and to do both mining and manufacturing of any kind.

(d) To purchase, or otherwise acquire, to hold, own, maintain, work, mine, develop, to sell, convey, or otherwise dispose of, without limit as to amount, within or without the State of, and in any part of the world, real estate and real property, and any interest and rights therein.

(e) To acquire the good will, rights and property of all kinds, and to undertake the whole or any part of the assets and liabilities of any person, firm, association or corporation, and to pay for the same in cash, stock of this Company, bonds or otherwise.

(f) To apply for, obtain, register, purchase, lease or otherwise acquire, and to hold, own, use, operate, introduce and sell, assign, or other-

wise dispose of, any and all trade-marks, trade names, and distinctive marks, and all inventions, improvements and processes used in connection with, or secured under Letters Patent of the United States or elsewhere, or otherwise, and to use, exercise, develop, grant licenses in respect of, or otherwise turn to account, and such trade-marks, patents, licenses, concessions, processes and the like, or any such property, rights, and information so acquired, and with a view to the working and development of the same, to carry on any business, whether mining, manufacturing, or otherwise, which the Corporation may think calculated, directly or indirectly, to effectuate these objects.

(g) To hold, purchase, or otherwise acquire, to sell, assign, transfer, mortgage, pledge or otherwise dispose of shares of the capital stock, bonds, or other evidences of indebtedness created by other corporation, or corporations, and while the holder of such stock, to exercise all the rights and privileges of ownership, including the right to vote thereon, to the same extent as a natural person might or could do.

(b) To purchase, lease, exchange, hire, or otherwise acquire, any and all rights, privileges, permits or franchises suitable or convenient for any of the purposes of its business; to erect and construct, make, improve, or aid or subscribe towards the construction, making and improvement of mills, factories, store-houses, buildings, roads, docks, piers, wharves, houses, for employees and others, and works of all kinds; and in conjunction with, and in furtherance of the general business and purposes of the Corporation, as above described, to construct, lease, own, operate, or sell a railroad, or railroads, or both, in any State or country other than the State of subject to the laws of such other State or country, either directly or through the ownership of stock of a corporation formed, or to be formed, for the purpose under the laws of such other State or country.

(1) To guarantee the payment of dividends, or interest on any shares, stocks, debentures, or other securities issued by, or any other contract, or obligation of, any corporation, whenever proper or necessary, for the business of this Corporation in the judgment of its Directors, or the Executive Committee.

(j) To make and enter into contracts of every sort and kind with any individual, firm, association, corporation, private, public, or municipal body politic, and with the Government of the United States, or any State, Territory or Colony thereof.

(k) To do all and everything necessary, suitable or proper for the accomplishment of any of the purposes or attainment of any one or more of the objects herein enumerated, or which shall at any time appear conducive or expedient for the protection or benefit of the Corporation, either as

holders of or interested in any property, and in general to carry on any business, whether manufacturing, mining or otherwise.

It is the intention that the objects, purposes and powers specified and clauses contained in this third paragraph shall, except where otherwise expressed in said paragraph, be nowise limited or restricted by reference to, or inference from the terms of any other clauses of this or any other paragraph in this charter, but that the objects, purposes and powers specified in each of the clauses of this paragraph shall be regarded as independent objects, purposes and powers.

Capital Stock.

Fourth. The total amount of the capital stock of this Corporation is to be, divided into shares of dollars each. Of the said stock shares, amounting at par to, are to be preferred stock, and shares, amounting at par to dollars, are to be common stock.

The rights, privileges and conditions following shall attach to the shares aforesaid, that is to say:

(1) The common stock shall be subordinate to the rights of the preferred stock, except that both preferred and common stock shall have equal voting powers.

(2) The Corporation shall not be at liberty without the consent in writing first obtained of the holders of two-thirds in amount of the preferred stock issued and outstanding.

(a) To create or issue any other or further shares ranking in any respect, paripassu with, or in priority, to the aforesaid issue of of preference shares.

(b) Nor to create any charge, excepted as herein provided, upon the net profits of the Corporation which shall not be subordinate to the rights of the preference shares.

(c) Not to reserve a surplus fund which shall not be chargeable with the payment of the accrued dividends on the preference shares.

(3) The said preference shares shall carry a fixed cumulative preferential dividend at the rate of, but never exceeding per annum on the par value thereof, and such dividends shall be declared quarterly on the days of in each year, or at such other times as the Board of Directors or the Executive Committee shall see fit and determine.

If in any year dividends amounting to per annum shall not be paid on such preferred stock, the deficiency shall be a

charge on the net profits, and be payable, without interest, before any dividends shall be paid upon or set apart for the common stock.

(4) The balance of the net profits of the Corporation, after the payment of said accumulative dividend at the rate of per annum to the holders of the preferred stock, may be distributed as dividends among the holders of the general, or common stock, as and when the Board of Directors or the Executive Committee shall in their discretion determine.

(5) In the event of the liquidation or dissolution of the Corporation, the surplus assets and funds thereof shall be applied in the first place in repaying to the holders of the aforesaid cumulative preference shares the full amount of the principal thereof and the accrued dividends, if any, charged, before any amount shall be paid upon the common stock, and after such payment in full to the holders of said cumulative preference shares, the surplus assets and funds shall belong to and be divided among the holders of the other shares.

From time to time the preferred and common stock may be issued in such amount and proportion as shall be determined by the Board of Directors, in accordance with the laws of the State of

Directors—Classification.

Fifth. The Directors of the Corporation shall be divided in respect to the time for which they shall severally hold office, into classes, equal in number. The first class shall be elected for a period of years, the second class for a period of years, the third class for a period of years, the fourth class for a period of years, and the fifth class for a period of years, etc., and at each annual election after the successors to the class of Directors whose terms expire in such years, shall be elected to hold office for years, so that the term of office of at least one class shall expire in each year.

In case of an increase in the Board of Directors between the annual election by the stockholders, the newly created Directorship shall be, and be construed as, vacancies until the next annual election to be filled forthwith by the Board.

Incorporators, Names and Post-office Address.

Sixth. The names and post-office address of the incorporators, and the number of shares of common stock subscribed for by each, the aggregate of which is the amount of capital stock with which this Corporation will commence business, are as follows:

Name.	P. O. Address.	No. of Shares of Common Stock.
.....

Duration.

Seventh. The duration of the Corporation is to be perpetual.

Regulations and Limitations.

Eighth. (1) The Corporation shall have no power to mortgage its real property, except upon the assent in writing first obtained of the holders of of the issued preferred stock hereinbefore described, or upon the affirmative vote of the holders of a majority of the said preferred stock at a meeting of the preferred stockholders duly called for that purpose; and upon such assent so obtained, or upon such affirmative vote so had, and not otherwise, the Corporation shall have power to mortgage its real property to secure an issue of bonds or otherwise.

(2) The Board of Directors shall have power without the assent or vote of the stockholders, to make, alter, amend and rescind the by-laws of this Corporation, and, subject always to the payment of the dividends on the preferred stock, to fix the amount to be reserved as working capital.

(3) With the assent in writing, or pursuant to the vote of the holders of two-thirds of all the stock, irrespective of class, issued and outstanding, the Directors shall have power and authority to sell, assign, transfer, convey, or otherwise dispose of the property and assets of this Corporation as an entirety on such terms and conditions, and for such consideration, as the Directors shall deem fit, right and just.

(4) The Board of Directors, and when the Board is not in session, the Executive Committee, in addition to the powers and authorities by statute and by the by-laws expressly conferred upon them, are hereby empowered to exercise all such powers, and to do all such acts and things as may be exercised or done by the Corporation, but subject, nevertheless, to the provisions of the statute, of the charter, and to any regulations that may from time to time be made by the stockholders; provided that no regulations so made shall invalidate any provisions of this charter, or any prior acts of the Directors or Executive Committee which would have been valid if such regulations had not been made.

(5) There shall be an Executive Committee of members, who shall be elected by the stockholders from the Directors, and hold office as hereinafter provided. The said committee shall have and exercise all the powers expressly conferred upon it by this Article of Incorporation, and also all the powers of the Board of Directors whenever a quorum shall fail to be present at any stated or other meeting of the Board, and as well at all times whenever the Board shall not be in session, and shall have power to affix the seal of the Corporation to all papers which they may deem to require it.

The officers of the committee shall be a, a, and a, who shall hold office during the term of their office as members of the committee, and shall be elected by the stockholders.

At all meetings of the committee all questions shall be decided by a majority of votes, and in case of an equality of votes, the Chairman, and in his absence, the Vice-Chairman, and in the absence of both, the Secretary shall have a second and deciding vote.

The stockholders shall, at their first meeting, elect by ballot the said committee of members from the Directors elected at such meeting, and shall also elect the said officers thereof.

The stockholders shall determine and fix the compensation to be paid to the members of the committee, and to any of the officers thereof, as such, and the compensation of any member, or officer of the committee, so fixed, shall not be diminished during his tenure.

At every annual meeting, after the first meeting, whenever the term of office of any member or officer of the committee shall expire, the stockholders shall elect a successor. Any member of the committee may be elected to succeed himself.

Any director, irrespective of class, is eligible to election as a member of the Executive Committee.

The term of office of each member of the committee shall be co-extensive with the term of his office as Director, unless the stockholders at the time of his election shall fix a shorter period or term of office, which they shall have power to do. Any member of the committee who shall cease to be a Director of the Company shall ipso facto cease to be a member of the committee.

Neither the Directors nor the members of the Executive Committee nor the President nor Vice-President shall be subject to removal during their respective terms of office, nor shall their terms of office be diminished during their tenure.

All vacancies in the Executive Committee shall be filled for the unexpired term from the Directors by the remaining members of the committee.

(6) The Directors shall, from time to time, determine whether, and to what extent, and at what times and places, and under what conditions and regulations, the accounts and books of the corporation, or any of them, shall be open to the inspection of the stockholders, and no stockholder shall have any right to inspect any account, or book, or document of the Corporation except as conferred by statute of or authorized by the Directors.

(7) The Directors shall have power to hold their meetings, to have one or more offices, and to keep the books of the Corporation (except the stock and transfer books) outside of this State, at such places as may from time to time be designated by them.

452. Capital.

The amount specified in the articles of association, and subscribed, or open for subscription, for the purpose of securing the necessary funds with which to carry on the business.

On the books of account the Capital account is usually credited with the full amount of nominal or authorized capital, the same course being pursued on the balance sheets. In some cases, however, only paid-up capital is credited and both nominal and actual capital included in the balance sheet.

453. Circulating Capital.

The amount invested in material, commodities and other floating assets for the purposes of manufacture and re-sale.

454. Fixed Capital.

The amount invested in land, buildings, plant, machinery, furniture and fixtures, etc. These constituting permanent assets necessary for manufacture and to carry on the business.

455. Nominal Capital.

The amount of shares of stock unsubscribed.

456. Working Capital.

The amount obtained, or retained, to increase the funds available for promoting, developing and carrying on a business. It may consist of: Stock donated, undivided profits, unpaid purchase price by which a business is acquired, loans, bonds issued, mortgages.

457. Capital Stock.

The amount of stock issued by a corporation, as authorized by charter, in multiples of the total, usually in shares of \$10, \$100 or \$1,000 each.

458. Common Stock.

459. Subscription Stock.

Ordinary stock, on which dividends are paid out of the actual net profits made, and after guaranteed dividends have been paid, where the issue of stock is divided into preferred and common stock.

Common stock is sometimes of greater value than preferred stock as the latter is only entitled to guaranteed dividends, no matter how large the profits may be.

460. Preferred Stock.

Special stock issued with a guarantee of the payment of a specified annual dividend, such dividend being payable in priority to common stock distribution.

461. Cumulative Preferred Stock.

Preferred stock issued on condition that if sufficient profit has not been earned during one year for the payment of the guaranteed dividend it constitutes a preferred liability against the profits of succeeding years until paid.

462. Treasury Stock.**463. Unsubscribed Stock.**

- (a) Stock which remains unsold.
- (b) Stock issued and paid for and bought in by the corporation.
- (c) Stock donated by stockholders to be re-sold for use as working capital.

464. Delinquent Stock.**465. Forfeited Stock.**

Stock subscribed but not paid for.

466. Watered Stock.

A term used to describe stock issued and sold for the acquisition of assets of a fictitious or inflated value, such as organization expense, goodwill, advertising, franchises, estimated future profits, etc.

467. Clandestine Stock.

A term used to describe a secret issue of stock in order to raise funds without attracting public notice. Such an issue is illegal and a practice very rarely resorted to.

468. Stock Certificate.

A certificate representing the value of shares purchased and exhibiting the necessary evidence of ownership of such shares.

469. Stock Dividend.

In order to increase working capital in growing businesses, the desired increase is sometimes obtained by increasing capital stock and distributing the new stock proportionately to stockholders instead of distributing dividends. This means a larger distribution by way of dividend in succeeding years which are expected to show better results.

470. Stock Instalment Dividend.

A dividend distributed in stock unpaid for instead of in money. This plan is sometimes adopted in the case of unpaid instalments and assessments and also when employees are purchasing stock with the understanding that it will be paid for in this manner.

471. Stock Dividend Register.

A record of dividends payable and date paid. See illustration.

[illegible]

472. Stock Dividend Notice.

The following is the regular form:

At a meeting of the Board of Directors held this day there was declared from out the net earnings of the Company for the six months ending.....
.....a semi-annual dividend ofper cent, the same to be paid to the stockholders of record at the closing of the transfer books

Stock transfer books will be closed at 3 p. m., and be reopened, at 10 a. m.

Treasurer.

473. Stock Ledger.

A ledger containing accounts with stock subscribers, recording charges, payments and transfers. See illustration.

474. Stock Journal.

A preliminary record of stock subscriptions and used for recording transfers of stock from one stockholder to another.

On the general books these transactions should be treated as follows:

Dr.	When Received.	Cr.
Treasury Stock.		Working Capital.
	As Sold.	
Cash.		Treasury Stock.

The difference between Treasury Stock and Working Capital accounts will always show the amount of Stock Donated remaining unsold. The donation itself will be recorded in the Stock Ledger and new stock certificates will be issued.

478. Stock Discount.

This is another method of obtaining working capital. In order to secure subscriptions, mining corporations frequently sell \$10 shares at 50 cents each.

On the general books these transactions should be treated as follows:

Dr.	Cr.
Cash.	
Organization Expense.	Stock Subscription.

Purchasers of stock at a discount should be careful to see that the stock certificates include the words "Fullpaid and non-assessable." Otherwise they may find themselves liable at some future date to pay the difference between purchase price and par value.

In some states, however, provision is made by law that all purchasers of stock will be liable to assessment for any difference between amount paid and par value of stock and this is construed to include purchasers of stock at a discount.

479. Stock Subscription Record.

Date.	Name and Address.	No. Shares.	Amount.
-------	-------------------	-------------	---------

The names of all incorporators or original subscribers are listed on this record and individually signed at foot of the following declaration.

We, the undersigned, severally subscribe to the capital stock of the, in the amount and for the number of shares set opposite our respective names, and agree to pay for the same as follows: Twenty-five per cent November 1, 1910; 25 per cent January 1, 1911; 25 per cent May 1, 1911; and the remainder when called for by the board of directors.

480. Stock Proxy.

A regular form of proxy, to be used at stockholders' meetings by representatives of stockholders who cannot attend is appended:

Know All Men by These Presents,

That the undersigned, a Subscriber for.....shares of the capital stock of the Corporation above named, organized under the laws of the State of Delaware, having its principal Delaware office and being registered with the Delaware Trust Company at Wilmington, Delaware, do hereby constitute and appoint my true and lawful attorney, in my name, place and stead, to vote upon the stock subscribed for by me or standing in my name, as my proxy, at the meeting of the Incorporators and Subscribers to the capital stock of the said Company, to be held at the Company's office, Wilmington, Delaware, on the..... day of 19...., or on such other day as the meeting may be thereafter held by adjournment or otherwise, according to the number of votes I am now or may then be entitled to cast, hereby granting the said attorney full power and authority to act for me and in my name at the said meeting or meetings, in voting for Directors of the said Company or otherwise, and in the transaction of any other business which may come before the meeting, as fully as I could do if personally present, and hereby expressly ratifying and confirming all that my said attorney may do in my place, name and stead.

In Witness Whereof, I have hereunto set my hand and seal this.....

..... day of, 19....

Witness.

..... (SEAL)

481. Bond.**482. Debenture.**

Negotiable paper issued as acknowledgment of investment, with promise to pay principal and interest at specified dates, and secured by property, sinking fund or guarantees.

On books of account the record of these transactions will be as follows:

Dr.	When Sold.	Cr.
Cash.		Bonds Sold.
	Sold at Premium.	
Cash.		Bonds Sold.
		Bond Premium.
	Sold at Discount.	
Cash.		Bonds Sold.
Bond Discount.		
	Sinking Fund.	
Surplus.		Bonds Redeemable.
(This exhibits disposition of profit unavailable for distribution.)		
Sinking Fund.		Cash.
When Bonds Are Redeemed.		
Dr.		Cr.
483. Bonds Sold.		Sinking Fund.
484. Bonds Redeemable.		Surplus.

(The latter entry restores the amount to Surplus account, which now becomes available for distribution, as the equivalent of this amount was received in the treasury when the bonds were sold.)

485. Coupon Bonds.

486. Coupon.

Bonds provided with detachable interest coupons to be presented for payment as falling due. Interest paid should be debited to a separate Bond Interest account, thus showing, together with discount or premium accounts (and the account credited with interest on sinking fund), the actual cost of the bonds. See illustration.

487. Deferred Bond.

Bonds redeemable after fulfilment of some condition instead of at a specified date.

488. Endorsed Bond.

Bonds with endorsements recording transfers, releases, assignments, etc.

489. Income Bond.

A term used to designate a bond providing for a participation in net business profits with the stockholders instead of interest.

490. Mortgage Bond.

A bond secured by mortgage on property. The issue of such bonds is generally regulated by corporation law requiring the assent of holders of not less than two-thirds of the corporation stock.

491. Registered Bond.

A non-transferable bond except by legal assignment.

492. Organization Expense.

493. Promotion Expense.

The expense incurred in securing stock subscriptions, obtaining charter, etc., including soliciting, circularizing, advertising and office expense during the process of promoting. Discount on stock is also generally charged to this account and when heavy expenses are incurred the account is usually carried on the books as a fictitious asset until it can be conveniently charged against profits.

494. Bonus.

Stock presented to parties for services rendered in promotion or to valuable employees. The amount of such stock is usually debited to Bonus account, or Organization Expense or similar account, and generally written off against Profit and Loss.

The legitimacy of this treatment of organization expense is based on

the reasonable claim that as the expense was not incurred for the sole benefit of the first year's business, the first year's profits should not in justice be burdened with the total amount.

495. Opening Entries.

Adamson, Wilson & Sherman, partners in a retail grocery business decide to incorporate for \$11,000, each partner subscribing for stock in proportion to his interest in the partnership.

Their trial balance as at date of incorporation is hereunder shown:

	Dr.	Cr.
Cash and bank	\$ 742.08	
Accounts Receivable	7,882.63	
Furniture and Fixtures	750.00	
Purchases	6,417.09	
Expense	287.00	
Salaries	762.50	
Sales		3,611.04
Accounts Payable		4,516.18
W. Adamson		4,097.29
A. Wilson		4,070.03
H. Sherman		546.76
	<u>\$16,841.30</u>	<u>\$16,841.30</u>

Prepare Profit and Loss account, Balance Sheet, and submit closing entries for the partnership and opening entries for the corporation.

496. Profit and Loss Account.

Dr.		Cr.
\$4,917.09.....	Purchases	
287.00.....	Expense	
762.50.....	Salaries	
	<u>Sales</u>	<u>\$3,611.04</u>
1,500.00.....	Inventory	3,855.55
	Net Profit..	
<u>\$7,466.59.....</u>		<u>\$7,466.59</u>

497. Balance Sheet.

Assets.		Liabilities
\$ 742.08.....	Cash and Bank	
7,882.63.....	Accounts Receivable	
750.00.....	Furniture and Fixtures	
3,855.55.....	Inventory	
	<u>Accounts Payable</u>	<u>\$3,016.18</u>
	W. Adamson	\$4,097.29
		681.82
		<u>4,779.11</u>
	A. Wilson	4,070.03
		681.82
		<u>4,751.85</u>

	H. Sherman	546.76	
		136.36	
		<u>683.12</u>	
<u>\$13,320.26</u>			<u>\$13,230.26</u>
W. Adamson			\$5,000
A. Wilson			\$5,000
H. Sherman			1,000

The new company having been incorporated, the partnership accounts must be closed and the corporation accounts opened.

The corporation takes over all the partnership assets and liabilities for the sum of \$11,000, to be paid for in stock, as follows:

H. Sherman receives 31 688/1000th shares as a bonus for services rendered. W. Adamson and A. Wilson both pay in cash for the difference between the amounts standing to their credit and the amount of their stock subscriptions.

The asset and liability accounts need not be closed and re-opened, but an Adjustment account should be opened in the general ledger.

498. To Close Partnership Accounts.

Dr.		Cr.
\$4,779.11.....	W. Adamson	
4,751.85.....	A. Wilson	
683.12.....	H. Sherman	
	Adjustment Account	\$10,214.08

499. To Open Corporation Accounts.

Dr.		Cr.
	Capital	\$11,000.00
\$11,000.00.....	Subscription Account	
	<u>W. Adamson</u>	
	Net assets transferred.....	4,779.11
	<u>A. Wilson</u>	
	Net assets transferred	4,751.85
	<u>H. Sherman</u>	
	Net assets transferred	683.12
10,214.08.....	Adjustment Account	
	<u>Cash</u>	
469.04.....	W. Adamson	220.89
	A. Wilson	248.15
	<u>Bonus Account</u>	
316.88.....	H. Sherman	316.88

500. Corporation Balance Sheet as at Date of Commencement of Business.

Assets.	Liabilities.
\$ 1,211.12.....Cash and Bank	
7,882.63.....Accounts Receivable	
750.00.....Furniture and Fixtures	
3,855.55.....Inventory	
316.88.....*Bonus	
	Accounts Payable\$ 3,016.18
	Capital Stock 11,000.00
<hr/> \$14,016.18	<hr/> \$14,016.18

*To be charged off at close of year.

501. Coupon Bond.

UNITED STATES OF AMERICA
STATE OF MICHIGAN.

THE MICHIGAN STREET RAILROAD CO.
No. OF ADRIAN \$1000
First Mortgage Gold Bond

Know all Men by these Presents,

That the MICHIGAN STREET RAILWAY COMPANY, ADRIAN, a corporation duly organized under the Laws of the State of Michigan, of Adrian, Michigan, is indebted to the bearer in the sum of ONE THOUSAND DOLLARS, in money of the United States of America, which indebtedness it promises to pay in Gold Coin on the first day of March, Anno Domini, Nineteen Hundred and Twenty, at the office of The Union Trust Company, of Adrian, Michigan, with interest thereon at the rate of six per centum per annum, payable in Gold, on the first day of September and March in each year according to the tenor of the annexed coupons and upon presentation and surrender thereof as they severally become due.

This bond is one of a series of one hundred and fifty bonds of the same tenor and date, and numbered consecutively from 1 to 150, each for the sum of ONE THOUSAND DOLLARS, amounting in the aggregate to one hundred and fifty thousand dollars, the payment of which is secured by a Deed of Trust, dated the first day of March, A. D. 1904, to the Union Trust Company, Trustee, duly executed and delivered by the said MICHIGAN STREET RAILWAY COMPANY, OF ADRIAN, conveying to said Union Trust Company, Trustee, the property therein described.

If THE MICHIGAN STREET RAILWAY COMPANY, OF ADRIAN, or its successors, shall make default in the payment of any one of the interest coupons annexed to this Bond on the day the same becomes due and such default shall continue for sixty days thereafter, then without demand or notice this Bond shall become due and payable, and may at once be enforced as fully as if it had become due by expiration of the time for which it is made as provided in the Deed of Trust mentioned, given to secure it, or otherwise.

This Bond shall not be valid until it shall have been authenticated by the Certificate endorsed hereon by The Union Trust Company, Trustee, and is issued and held subject to the terms and conditions contained in said Trust Deed to which reference is hereby made.

In witness whereof the said Corporation, THE MICHIGAN STREET RAILWAY COMPANY, OF ADRIAN, has caused this Bond to be sealed with its corporate seal and signed by its President and Secretary in accordance with a resolution to that effect, passed by the Board of Directors of said Company.

.....
President.

.....
Secretary.

No. 40. \$30.

On the first day of
March, A. D., 1920

AT THE
UNION TRUST CO.,
ADRIAN, MICH.

*The Michigan Street
Railway Co. of Adrian*
will pay the bearer Thirty
Dollars, being six months'
interest due on that day
upon that bond.

.....
President.

No. 39. \$30.

On the first day of
September, A. D., 1919

AT THE
UNION TRUST CO.,
ADRIAN, MICH.

*The Michigan Street
Railway Co. of Adrian*
will pay the bearer Thirty
Dollars, being six months'
interest due on that day
upon that bond.

.....
President.

No. 38. \$30.

On the first day of
March, A. D., 1919.

AT THE
UNION TRUST CO.,
ADRIAN, MICH.

*The Michigan Street
Railway Co. of Adrian*
will pay the bearer Thirty
Dollars, being six months'
interest due on that day
upon that bond.

.....
President.

502. A Copper Mining Co. Certificate Receipt.

....., 191....
 I hereby acknowledge that I have received certificate No., issued
 to for shares of the capital stock
 of the, a corporation, of
 the par value of ten dollars each.

Please write very plainly.

(.....)

Miss or Mrs.

Signature of Stockholder

Permanent Address

.....
 Street and Number.

.....
 City and State.

Please date, sign and return the above receipt to
 This receipt must be signed
 by the person to whom the stock is issued, not by an agent.
 It is necessary and very important, for the protection of both your-
 self and the company, that your signature be on file at the com-
 pany's Office, where all stock is transferred.

Your signature on this receipt must correspond with the name
 as written on the face of the certificate, in every particular without
 alteration or enlargement or any change whatever; and the same
 rule should be observed in assigning your certificate for transfer.
 If the name as written on the face of the certificate is incorrect
 in any particular, the certificate should be returned immediately to
 the company's Office for correction.

Stock held by a woman should be issued in her own name,
 the same as a deed or other legal instrument, not in the name of
 her husband with "Mrs." prefixed.

When stock of is presented for
 transfer, a fee of 25c for each new certificate issued will be
 charged. This fee must be paid as a condition precedent to a trans-
 fer of the stock. In endorsing stock for transfer, the signature
 must be witnessed.

Please notify this office promptly of any change of address.
 It is to your interest to do so.

Notice.—Please detach at perforated line and file
 with your stock for future reference.

SECTION IX.**THE PROFESSION OF THE AUDITOR. THE SCIENCE OF AUDITING.****503. Audit.**

The investigation and examination of accounting books or records for the purpose of proving their accuracy or detecting and locating errors of omission and commission, fraud, etc.

504. Auditor.

The title given an investigator and examiner of accounting books and records.

The supervisor of those who perform the necessary work of keeping account books and records.

505. Auditing Methods.

The general objects of an audit are:

The verification of assets and liabilities.

The checking of all footings and ledger balances.

The inspection of all vouchers for payments made.

The analysis of receipts and payments to ascertain that they have been properly recorded and distributed.

To report on unsatisfactory and incompetent methods employed and recommend improvements.

To submit comprehensive and intelligent financial statements of the condition of a business together with a clear account of the causes of such condition, this involving a general comparison with the results of previous periods and the investigation of unusual differences.

506. Different Kinds of Audits.

"Only three kinds of audits, in a narrow sense prevail, viz.:

1. The examination which involves a mechanical checking of the books and records, the placing of red ink check-marks opposite certain figures in certain books, and the making of like check-marks opposite supposedly like figures in other books; and the verification of a mass of footings, vouchers, etc., which enables the auditor to say that the arithmetical work is perfect.

2. The examination which consists of a mere inspection of results, involving, as it may be, the analysis of certain accounts, but on unscientific lines.

3. An examination which combines three methods: First, the verification and testing of enough clerical work to insure its accuracy, having always in mind the co-ordination of the accounts, the actual rather than the physical relation of one book to the other; second, a careful analysis

of the accounts, a searching inquiry into the entire organization under investigation by a careful search for errors of principle as well as technical errors and evidences of fraud; and, third, an intelligent study of the balance sheet.

Much harm has been done through the practice of making audits of the class first mentioned. A good business man with no knowledge of book-keeping can make a better audit than a so-called auditor who does not understand how to make an audit. A business man can tell very soon whether an audit is worth while, and if it is not conducted intelligently he does not want a second one. The third form of audit is the only one which will commend the accountant to an intelligent client.

The underlying principles of auditing are theoretical, and are not subject to change to fit particular businesses or special systems of account.

These underlying principles are few in number and can be applied indefinitely. Let us examine them:

1. The auditor must ascertain that all of the assets shown by the books to be on hand at a certain date are or were actually on hand.

2. He must ascertain whether any other assets not on the books should be or have been on hand.

3. He must ascertain that the liabilities shown by the books to be owing at a certain date are or were actual liabilities.

4. He must ascertain whether or not all liabilities are in fact shown by the books.

5. He must ascertain whether or not liabilities so shown have been properly incurred.

6. He must ascertain whether the earnings shown by the books are properly accounted for, and whether any of the earnings are omitted therefrom.

7. He must ascertain whether or not the expenses and losses have been properly stated and supported."

507. Records to be Audited.

All records which in any way participate in the assembling of figures which finally find their way into ledger accounts must be examined and o.k.'d, as important or vital errors or discrepancies may have their source in any of these records.

For example—operators' time slips should be compared with time-keepers' or time clock records in order to ascertain that all time charged on the pay-roll has also been charged against the work performed.

The checking of individual postings to accounts in Accounts Receiv-

able and Accounts Payable ledgers is not often considered necessary, a comparison of total debits and credits from their various sources with an analysis of ledger debits and credits being usually thought sufficient. This analysis will discover the existence of arbitrary entries or the posting of sales returns as cash credits, a falsification often effected by entering excessive deductions in the cash book allowance columns but posting correct amounts to the credit of the ledger accounts.

This method will not detect posting to wrong customers or creditors' accounts, but errors of this nature are usually adjusted without the intervention of an auditor.

508. Auditor's Reports and Statements.

Verification of ledger balances and correct trial balance therefrom.

Amended trial balance after closing entries have been made.

Manufacturing and trading accounts.

Profit and loss account.

Balance sheet with o.k.'d schedules attached.

Report on bad and doubtful debts.

Report on vouchers unrepresented.

Suitable comparative summaries and analyses.

Report on errors discovered and adjustments made.

Report on inefficient or unnecessarily laborious methods used and remedies suggested for same.

Special reports on extra work undertaken.

Certificate of work performed.

509. Verification of Assets.

Cash on Hand.

The first duty of the auditor is to count the cash on hand; make a memorandum of all tickets, vouchers, undeposited checks, etc. in the drawer; make a note of last check made out and last check entered in cash book or check register.

510. Cash in Bank.

The auditor should personally obtain a statement from the bank at date of commencement of audit. This is generally a few days after the closing of the books and presentation of the book-keeper's statements and in checking back from date of audit to date of closing many important irregularities may be discovered.

Deposits should be carefully compared with receipts. Total receipts as entered on cash book including balance in drawer at commencement of period, less cash payments and balance in the drawer, should agree with total deposits. The auditor should always recommend the daily deposit of all receipts, the use of checks for all expenditures and the Imprest Petty

Cash system, as this method greatly facilitates the auditor's work and is a safeguard against fraud.

511. Accounts and Notes Receivable.

May be appraised according to date of sale, regular terms of payment due dates, and nature of collection reports. They should be distributed as good, doubtful and bad. The first class are taken at face value, the second class at 50%, and the third class charged against profits. A discrimination should be made in the report in respect of bad debts, properly chargeable against profits of preceding years.

The verification of ledger accounts receivable may be effected by the mailing of statements to debtors by the auditor with a request for their o.k.'d return.

Anticipated customary cash discounts should be provided for, thus preventing any inflation of assets in this direction. This will be offset to a certain extent by also providing for anticipated discounts from creditors' accounts.

512. Inventory of Goods on Hand.

Inventories need not be checked by the auditor if they have already been verified by competent parties and o.k.'d by responsible officials. They should, however, be examined in connection with purchase invoices to see that commodities or materials are properly valued at cost. It is also necessary to ascertain if goods are included for which invoices are not yet on the books, or not included (because of non-arrival) for which invoices are included in the liabilities.

513. Land, Buildings, Plant, Machinery.

These should be valued at cost less a reasonable depreciation. If no depreciation has hitherto been charged off it should be computed according to generally established rates and deducted on the balance sheet. If depreciation has been annually written off it may be accepted as correct except in the case of re-valuations.

All additions to original cost should be investigated to see that they do not consist of repairs or maintenance, or include total cost of replacements.

A machine replaced, and no longer in use, is no longer of value over the amount for which it can be disposed of.

514. Stocks, Bonds, Mortgages.

These securities are not found in many businesses except as received in settlement of customers' obligations. They are frequently very difficult to value and a plan often adopted is to carry them in the doubtful accounts receivable column.

515. Prepaid and Accrued Items.

These are carefully noted as the audit proceeds and included in the auditor's balance sheet.

516. Verification of Liabilities.**517. Accounts and Notes Payable.**

These are verified:

- (a) As indicated under the heading of "Records to be Audited."
- (b) By the mailing of statements by the auditor to creditors with a request for their o.k.'d return.
- (c) By the examination of vouchers for all payments, journal credits and allowances.

Anticipated cash discounts are provided for in the balance sheet by a deduction from the total of accounts payable.

518. Bonds.

When provided for by reserve or sinking funds it is the auditor's duty to see that the proper deductions have been made from surplus available for dividend distribution.

519. Accrued Assets and Liabilities.

These are carefully noted as the audit proceeds and included in the auditor's balance sheet.

520. Verification of Profits.

This includes the examination of all income and expense items—earnings and expenditures.

521. Cash Sales.

The reliability of a check on these receipts depends upon the method of record adopted.

The best—is for the salesman to hand the customer a consecutively numbered ticket, the original and duplicate of which go to the cashier, the goods being delivered on return of the original ticket duly stamped "paid." The duplicate remains in the office as a "cash voucher," and the duplicate is the salesman's permanent record with which to keep a check on the cashier.

522. General Expense.

Vouchers will be demanded, but these are not usually insisted on in respect of petty cash items if a responsible officer or partner will o.k. the petty cash book.

523. Anticipated or Unearned Profits.

These are to be taken into consideration under the conditions of

Uncompleted instalments.

Uncompleted contracts.

Sales for future delivery and unpaid for.

The great argument of salesmen that a profit is earned when a sale is made is altogether incorrect. The profit on a sale is only earned in anticipation of the customer's payment for what has been sold to him. It is however, the custom to prorate profits on proportion of cash paid or contract work done. Sales for future delivery should be eliminated as belonging to the period during which delivery is made.

Another method of treating uncompleted contracts is to include total credit for completed contract and offset this with a reserve for balance of uncompleted contract.

524. Depreciation.

This has been previously alluded to under the heading of "Verification of Assets."

525. Auditing Pointers.

526. Responsibilities.

The auditor who fails to discover an error (which is discovered by someone else before payment of his fee) is not held responsible for damages but is liable to be unable to collect his account.

In the case of an investigation by intending purchasers, when a mistake is made which affects the price at which a business is acquired, the consequences might be more serious than the injury of reputation and resulting loss of present and future clients.

527. Assistants.

The auditor is responsible for the work of his assistants, which should be performed under his direction and supervision and the necessary assembling of results carefully checked over.

528. Abstract Auditing.

On conveniently ruled paper open accounts with all general ledger and private ledger accounts, adding accounts payable and accounts receivable controlling accounts where they are not used in the books being audited. Post to these accounts from cash book, journal, etc., also totals of sales and purchase records. After completion compare with book-keeper's ledger accounts and investigate discrepancies.

529. Arbitrary Entries in Ledger.

If a book-keeper is addicted to entering amounts to the debit and credit of ledger accounts without posting from anywhere, the business manager's attention should be called to the extra expense incurred by the re-

sulting prolongation of the audit and the ease with which fraud may be manipulated by this vexatious practice.

530. Partial Audit.

531. Special Audit.

The audit of a certain section of the books for a particular purpose, such as a cash audit.

532. Periodical Audit.

A permanent audit conducted at periodic intervals, such as every three months.

533. Auditor's Adjustments.

The auditor and his assistants should provide themselves with memorandum records or journals, in which they should record errors as they find them and the entries necessary to correct them.

534. Check Marks.

Most auditors use individual check marks on books of account, and special check stamps on bills, vouchers, etc. A good plan is to make a slightly different check mark against figures which show an erasure, so that at the close of the audit the books may be looked over to see if any further erasures have been made during the course of the audit.

535. Contingent Assets and Liabilities.

Such items as notes discounted at the bank come under this heading. They should be listed separately in the balance sheet and not included in the figures.

536. Manufacturers' Cost Records.

537. Work in Process.

See Accountants' Investigations.

538. Accountants' Investigations.

Made on behalf of clients who desire to purchase a business on the basis of actual net value, or of large stockholders who for personal reasons require an independent examination to verify statements as presented by the directors.

The following rules to be followed are quoted from an English accountant's magazine:

In commencing an investigation of this nature it is reasonable to expect that a fairly complete set of books should be in existence, as a business that cannot afford good book-keeping is not worth floating as a company. Should the case be otherwise, it is right to insist that the accountant be allowed—indeed, it is essential that he should—make up a complete set of accounts before certifying. It is true it may not be necessary to re-post everything, but the examiner must first spend time in

learning from the book-keeper or proprietor the exact methods adopted; if he thoroughly grasps these, and keeps in front of him a complete list of books in use, he should be able to take his own short cuts to ascertain results and to insure against being misled.

The ground-work of every business is "Cash"—and further, it is a commodity that leaves traces of its career, the proprietor will say "in profit"—and that is just the point to test.

If the statement is that "everything goes in the ledgers," a simple method would be to dissect them, and thus, at one stroke, get a check on purchases, sales, discounts, and bad debts—but the schedules at start and finish must be carefully scrutinized, also the purchases and sales just prior to and after the beginning and ending of the period to be reviewed. One may find sales suddenly increase or purchases lighten towards the end. The sales should be tested by noting whether paid for at due date; the record of returns from sales for the succeeding year should also be examined; or it may be that an examination of the purchase book for the subsequent period may show an increase; if so, it would be necessary to call for the production of all invoices for the two or three months after the period under review, so that any indication of goods having been omitted may be cleared up. An instance came under the notice of the writer, in a company of which he was not the auditor, where on the last day of the financial year an entry for goods to the extent of some \$50,000 or more appeared in the day book with the significant notes against a certain portion "for delivery in January," other portions in February, March, etc. As a matter of fact they were never delivered, but a credit appeared for the same amount two years after. Although not in relation to an investigation for a company flotation, it aptly represents what should be disallowed without the long subsequent credit entry.

Stock at commencement and end should be inquired into. If taken on the same basis of valuation on each occasion? If stated to be at market value, the state of the market might be noted, a sudden rise, and consequent appreciation firmly resisted; "cost" (or for damaged goods "value") should be the watchword. Before leaving what one may call the trading account or search for gross profit, a comparison of the amount and the proportion the stock may bear to the turnover can be usefully made; the rate per cent of gross profit should also be worked out. If normal, it is a satisfactory indication that there has not been much cooking. The proportion of stock to turnover helps to indicate the correctness of it. If the stock be abnormally large it may result from fraudulent additions, or by reason of the prospective vendor carrying a large proportion of "dead," or non-active stock which it is sought to sell to the proposed company at cost, truly hanging a mill-stone round the neck of the innocent infant.

A word as to "work in progress" may well be put in here: It is perhaps the most difficult part to test if proper books have not been kept. Where manufacturing is carried on, the cost record is an essential, and should be called for: The percentage added for standing charges throughout should be ascertained, and no greater percentage allowed on the cost of works in progress at the end of the period, whilst it should be seen that no unusual amount of profit from any uncompleted contract at the commencement has been brought in to raise the average.

The accountant having thus dealt with and satisfied himself as to gross profit, there remain questions of expense to be looked carefully into. Every class of business has its own ratio of expense, and it is difficult to lay down any close rule, but if the cash has been dealt with and tested, what has not been exhausted in the personal trading accounts will fall into capital expenditure, expenses of business and drawings of partners, and the task here is to see that heading No. 2 (expenses) gets its proper share; in consequence all must be looked at. In all investigations it is necessary to keep in view the motives of those who prepared the accounts. In the present case it is to show as good a profit as possible, consequently it may naturally be expected that debatable points have already been decided in favor of the vendor, and unless the accountant raises a protest, judgment "goes by default." An examination of the various accounts showing capital expended prior to and during the period should first be made; by this means some general idea of the requirements of the business will be obtained. Then each item taken on the voucher or invoice examined before the item is passed. The outlay relative to the capital will indicate to some extent the expected life of the machinery or other kind of plant, and be a guide to the vexed question of depreciation. In many businesses the partners are in the habit of making small payments for the purposes or encouragement of trade, some are careless and take no heed, others compound the outlay and take a weekly sum to cover it. Naturally it will be wrong to omit these items or allow them as drawings. The expense account may be made up in two ways; either passed through the dissected invoice book or journal at the time of the liability is incurred, or posted direct to the impersonal account from the cash book. If the latter, care must be taken that those outstanding at the end do not exceed the items of a similar character at the beginning. It would be better to rectify each period or year, although on average profit it may be enough to add or deduct the difference between the total wrongly included and that left out at the terminating date.

In the event of the premises occupied by the business being the freehold of the vendor, care must be taken to see that a charge equivalent to rent is included if the company should not be purchasing the freehold

Rents received from underletting premises, if included, should be stated separately.

As regards the question of the auditor's certificate, this should be carefully framed to show exactly what the profits certified to include or exclude, or perhaps it might be better to put it—what has been excluded from expenses before arriving at profit.

In the certificate of report what is not said is often of greater importance than the actual phrases used. The accountant should strive to make the certificate a record of past facts only, and set out such facts so that they may come up to the desideratum required in the courts of justice, viz., that they shall state "the truth, the whole truth and nothing but the truth."

In one respect the truth may be told, and yet not the whole truth, that is, in a certificate of average profits that does not give the amount for each separate year. If the profits are gradually increasing it seems natural that the certificate should say so. If they are not, then a material point necessary to bring out the whole truth has been suppressed.

Let your certificate clearly state if and how much depreciation has been deducted, and whether manager's or principal's remuneration has been included in the expense. It is all very well to certify to profits at, say, \$100,000 per annum, but if there has first to be deducted \$10,000 for depreciation, anything up to \$5,000 for manager, and perhaps another \$5,000 for directors' fees, the anticipated dividend so glowingly portrayed by the company promoter is considerably reduced. The public too often forget the difference between the profit as shown in a private concern and the profit of a company available for dividend. We, therefore, cannot insist too frequently on pointing out the difference.

In stating that the certificate must only have regard to the past, it does not mean that the accountant having the conduct of the investigation must himself disregard the differing conditions under which it may be contemplated the business shall be carried on. This leads up to the amalgamation question, which has lately been rather in fashion.

Unless the certificate clearly shows that every business is making a profit and how much, the statement of a lumped total is valueless, whilst the statement as to remuneration to proprietors (whose number is sometimes legion) is even more necessary. Still worse is it when the proposed company has only an option to purchase a certain number of retail corners, which option is probably only exercised in regard to a part of them, and, if exercised by unscrupulous persons, it may be by a selection of those most profitable to themselves and most unfit for the purposes of the company.

539. Transfer of Business Undertaking.

Such transfers may be of two kinds, the client may be purchasing the entire undertaking, or he may be intending to join it in the capacity of a partner; thus it may be necessary to make a distinction even here. Again the chief anxiety must be to see that no legitimate item of expense is omitted, and that the books are true records. Not only should the inner working methods be inquired about, but if it is a ready-money business where there are vouchers or duplicate bills given to customers, or the records of a patent till, these should be examined as vouchers supporting the receipts and showing their nature. A professional man should support his gross earnings by diary or office day books, and so on. The search for expenses follows the line of an ordinary investigation.

Another point to be borne in mind is: What difference will there be after the change that would affect the results? For instance: Two partners may have carried on a business with no charge for services of either, the purchaser, if not intending to have a partner, may be compelled to take a manager, thus at once eating into and reducing the profits that the past would show. It may be thought that private expenditure would be sacred from the gaze of the investigator. I should say, within reasonable limits, "not so." Let me suppose two cases, one where the amount drawn from the business is small indeed, evidently only enough to satisfy the most moderate needs, whilst in another case the total is large. I should look at the surrounding circumstances, and probably place no prying eye on the details of the first supposed case, whilst in the latter I should scrutinize each item.

When attending on one occasion I was refused access to the private ledger, except as to purchase, sales, discounts, and fixed charges for rent, etc., on the plea that the other expenses are as the purchaser chooses to make them. I need hardly say I referred back to my principal. On another occasion I was refused access to the pass book, and as I declined to certify without, that business was not transferred. Speaking generally, unless everything is open to the investigating accountant, he should refuse to certify. It is not so much what is placed before him that requires care, as what may not be put forward. Our anxiety should be to leave nothing out. Every trade has its technicalities, and if we are without a special knowledge of the particular trade, justice to the client requires that, before commencing, we should seek to learn all possible about it. When it is a question of partnership, yet another danger has to be looked for and avoided. The actual position of the person already in the business must be ascertained after being satisfied as to the total profits or earnings. Not only will it be necessary to see that the proposed capital of the combined partnership is sufficient to enable the new ship to float, but the personal

position of the other man, both in and outside of the business, should be searched for. If he is a man without other means than is already in the business, the client should know that he is not relied upon for further capital if the firm ever got into a tight corner. Is he in debt outside the business? Does he habitually overdraw his account of profits? If so the client should pause, if not retrace his steps altogether.

These are legitimate and necessary inquiries, and to ascertain them correctly we must of necessity look into the private accounts where periodically recurring payments specially require explanations. Too often a partner retires with a desire to get out of a bad thing, not caring who may be drawn in. If possible, any information gleaned from the books bearing upon his retirement may be useful.

Are the liabilities being paid as close to due date as, say, at the commencement of the three years under investigation? Are expenses increasing? If so, is the increase in points which show carelessness or want of close supervision on the part of the gentleman with whom the client may have to work? All these and many more (whilst not strictly book-keeping) will be valuable information to the client, and perhaps save him from throwing away his money.

Inquiry should be made on the following points:

- (1) What supervision is exercised by the principals, and do they exert any oversight on each other?
- (2) Is any system of periodical returns in operation?
- (3) Are all the partners technically acquainted with the business.
- (4) Is the suspected partner a man of reputed integrity? Is he steady, and what is his private financial position?
- (5) Are the terms of the partnership deed literally carried out?

If, however, the misappropriation of cash is suspected, the following methods of fraud are the most probable:

540. Omission of Debts Collected.

In this case the cash received is either entirely omitted and the debt written off as bad, or it is entered on a later date, a subsequent sum being retained to meet the deficiency.

Sometimes, also, an entry will be made through the return book, as though the goods had been sent back or allowed for.

The counterfoil receipt book (if any) should be checked, the date and discount being specially noted, as over-statement of the latter is a frequent medium for fraud; whilst a careful scrutiny should also be made of the sales ledgers, the balances being traced, and particular note taken of any

accounts in which items appear as owing, although subsequent debits have been paid.

It is often necessary for the accountant to himself send out statements to all the customers, asking for a verification of their accounts, this being the best possible test to discover any inaccuracies; but if this course be adopted the items included in the statement should be checked from the journal and cash book to the ledger on the same day that the statements are dispatched, or subsequent alterations may be made, and it is desirable to use a different colored ink for checking each batch.

541. Wages.

The most common methods adopted are "dummy men," errors in addition and extensions, and subsequent alterations after payment.

An examination of the wages book will reveal the two latter peculations; whilst to detect the former, the time book should be obtained and compared, a list being obtained from a responsible person of the names of all the men then working on the place.

542. Omission of Sales.

Duplicate invoices should be compared with the order book and purchase record, and afterwards checked to the sales journal.

As regards cash sales of "old machinery," it is only possible to inquire into the system of internal check in existence, and obtain information from extraneous sources.

543. Fictitious Payments.

As false or duplicated entries may have been made, the bank pass book, counterfoil check books, and vouchers must be examined. If the posting is to an impersonal account, the invoice should be attached to the receipt, as otherwise the former may have been also passed through the purchase journal and paid for previously.

544. Goods Bought.

The invoice price may have been inflated either by alteration or through collusion with some person in the seller's office. The invoice should have been "passed" by the person receiving the goods, and if this has not been done, or there has been any alteration in the date, a satisfactory explanation must be obtained. Statements should be produced for all unpaid accounts, as any discrepancies will in this way be at once revealed; in fact, if receipts for payments have been forged, there is no other method by which the fraud can be discovered.

545. Concealment of Certain Books and Consequent Sources of Income.

A list should be obtained of all books in use, and a sharp lookout kept for transfers.

546. Deficiency in Cash Balance or Misappropriation of Securities.

An examination will reveal any discrepancies in this direction.

47. Stock Over-Statement, or Over-Valued, or Alteration of Ledger Balances Already Checked.

These methods are usually adopted to cover up defalcations, in the first case to show a sufficient profit, and in the latter to make the books balance.

548. Theft of Stock.

This is always difficult to trace. The first step is to thoroughly examine the trading account, and by ascertaining the gross profit which should have been earned, taking into consideration the cost of the material sold, the approximate amount of the suspected deficiency can be gauged.

If the discrepancy be confined to one department, and the goods sold are capable of identification, stock accounts can be constructed, but if such be not the case, the investigation will be confined to the examination of invoices for goods purchased with the goods inward book and duplicate orders, and of the copy sale invoices or sales journal with the goods outward book and order book.

An investigation of this description usually, however, demands some technical knowledge, and therefore the assistance of one of the staff is very desirable.

In nearly every business some form of bought stock book or weekly return is in use, and these must be obtained and compared with the other books.

549. Manipulation of Commission Accounts, Part of Overcharge Being Repaid by the Agent.

The commission accounts should be examined and the calculations checked, the rate being ascertained from the original correspondence or agreement with the agent.

SECTION X.**BANKING METHODS AND RECORDS.****A Compilation of Up-to-date Pointers Which Will Increase Efficiency and Reduce Expense.**

The nature of the business transacted by Banks and Trust Companies is practically identical, consisting principally of receiving deposits from customers, transactions with other trust companies and banks, investments and loans and—in the case of trust companies—the management and realization of estates.

551. Department Distribution.

This depends on the size and importance of the bank. Small, or medium-sized banks, are to be found in every town and city of the United States and Canada, and to these, therefore, we will devote our attention.

- a. The Cashier
- b. Receiving Tellers
- c. Paying Tellers
- d. Clearing House
- e. Book-keepers
- f. Credits and Collection
- g. Loans and Discounts
- h. Investments.

551A. The Cashier.

The smaller the bank the more multitudinous are the cashier's duties and responsibilities, including general management, o. k.'ing of applications to open accounts, applications for loans, signing checks, supervising bank statements, etc., etc.

552. Receiving Tellers.

His duties consist of handling all deposits, currency, checks, drafts, etc., distributing the latter for the clearing house or for collection as may be required.

553. Customers' Pass Books.**554. Customers' Statements.**

The ordinary method of acknowledging receipt of deposits has been to enter the amount in a Bank Pass Book furnished to the customer when account is opened.

The monthly statement plan is considered much superior, saving much trouble at the end of each month and during the month when a customer wishes his pass book made up.

A statement blank of deposits and check withdrawals is provided for each account of the beginning of each month. The customer is instructed to bring duplicate deposit slips to the bank with each deposit. The receiving teller initials the duplicate, hands it to the customer and retains the original. The total of the slip is entered on the monthly statement which is mailed to the customer at the end of the month. (See Book-keeping Department and Form 1.)

555. Paying Teller.

His chief duties consist of examination of check signatures, accurate counting of cash and payment on withdrawal checks and certificates of deposit.

556. Signature Record.

Form 2 exhibits a card arranged to show customers' signature to be used for comparison and detection of fraud.

557. Tellers' Cash Statement.

Form 3 illustrates daily cash statement of currency on hand as required by the national banking law.

558. Tellers' Cash Book.

Form 4 is a daily record of deposits and withdrawals of all kinds, the balance of which must agree with the total cash on hand as shown in the daily cash statement.

This record should be ruled with a number of columns with blank headings in which names of banks may be written as required for recapitulation of items.

559. Certificate of Deposit.

These certificates should be numbered consecutively and made in duplicate. See Form 5.

A certificate of Deposit Register will record deposits and payment of principal and interest. See Form 6.

560. Book-keeping Department.

The duties of the individual book-keeper are to keep accounts with depositors and prepare the monthly statements referred to under the head of "Customers Statements." On these are recorded each day amounts of deposits from deposit slips, etc., and amounts of check withdrawals from checks sorted for the purpose. Inasmuch as these monthly statements are practically ledger accounts in themselves only daily totals need be entered in the actual ledger accounts. In small banks there seems to be no neces-

sity for ledger accounts with this system, statements made in duplicate being kept in loose-leaf binders indexed for reference in the usual way.

561. Customers' Ledger.

Several styles of ledger have been devised with the object of simplifying, or accelerating, the work of obtaining daily customers' balances.

In some ledgers the accounts are arranged in the usual style, viz.:

Deposits
Checks
Total Checks

but the balances are entered on a projecting margin ruled total checks, total deposits, old and new balances, or only balances. A footing is then made of these marginal figures and agreed with a recapitulation of deposit slips and list of checks from which postings have been made.

This is an efficient check and corresponds with the best proofs of accuracy used in commercial houses.

The sheets containing the outside margins are made of stiff cardboard for convenience in entering the amounts, and are arranged for a certain number of accounts, so that each ledger is divided into and proved by sections.

The Balance Ledger, or Boston Ledger, is very cumbersome, very expensive and involves a great waste of time in transferring accounts.

Form 7 is a regular loose-leaf ledger.

Form 8 is a tabular balance ledger which in some large banks is sectionalized to provide for 13 weeks, at the expiration of which all accounts must be transferred to a new ledger or a new section of pages. So many pages are allowed for each letter of the alphabet but, as these are bound books, there is either insufficient or wasted space.

In one style of balance ledger there is a folding crease in front of the last balance column (for the last short leaf) which when folded to the right exactly covers the first balance column on the next page, thus avoiding the work of transferring balances from one page to another.

562. Clearing House.

This institution is a combination of local banks established for the purpose of exchanging customers' checks on one bank deposited at other banks and to compute the consequent daily settlement between those banks.

Thus, a schedule of debits and credits is made out. The Alliance Bank has adverse balances amounting to \$32,000 in account with the First

National Bank and the Union Trust and Savings Bank; a credit balance of \$6,500 in account with the Merchants' National Bank.

The First National has adverse balances with Merchants' National Bank and credit balances with the Alliance Bank and Union Trust and Savings Bank. The schedule is, therefore, arranged as follows:

	Alliance	1st Nat'l	M'chnts	Union	Totals
Alliance Bank		17,000		15,000	32,000
First National Bank	2,500		12,000		14,500
Merchants' Nat'l Bank....	6,500	10,000			16,500
Union Trust and Savs. Bk. 750		4,200	7,800		12,750
Total due to banks....	9,750	31,200	19,800	15,000	
Total due by banks....	32,000	14,500	16,500	12,750	
Payable by Alliance Bank					\$32,000
Payable by First National Bank					16,700
Payable to Merchants National Bank					3,300
Payable to Union Trust and Savings Bank					2,250

Another form of record is illustrated by Form 9.

563. Credits and Collections.

Local collections received from correspondent banks are treated in the usual way. When drafts are received from merchants in other cities a notice of due date is usually mailed to the debtor but personal collection is not attempted unless the amount be large.

Collections for customers are given careful attention entered in a collection register, or tickler, and notes carefully examined as to date and endorsements to detect irregularities. The manager of this department should make a careful study of commercial law on this subject as to endorsements, etc.

564. Out-of-town Collections.

These are forwarded to correspondent banks for collection, same being recorded in the Collection Register. This should be in card or loose-leaf form indexed alphabetically and cross-indexed as to date of maturity. See Form 10.

There is probably no department in a bank where greater worry exists relative to methods of book-keeping or recording than in the department where country checks or checks payable at various out-of-town points are handled. The handling of these checks has caused more true hardships than has all of the other book-keeping of a bank put together. These pesky checks like the pesky fly, are considered by transit clerks as a nuisance which will not down; in fact they keep growing more numerous all the

time for the practice of drawing personal checks is and has been steadily on the increase.

Many methods are in vogue in the various banks for treating these checks, all of course aiming to minimize the labor, but the greatest drawback has almost invariably been with most methods that in cutting down the labor the efficiency of proper records would suffer. One of the prevailing methods has been to record each of these checks and place a number thereon with a request to the bank to whom it is sent that that number be reported when advice of payment is made. This plan entails much labor, for entries must be made for each item when it is paid, and furthermore it is nigh impossible to induce the advising bank to diligently report these numbers; and if the numbers are not reported, or if they be reported incorrectly, then begins a search through pages upon pages of records to locate the item.

Another common practice is to number the letters instead of the items with a request that the letter be reported by its number and date. This is decidedly an improvement over the former plan, but still it has many drawbacks—e. g., if the letter is reported incorrectly either as to its date or its number, then a search begins which may not be as lengthy as under the other plan, yet only a comparatively few letters can be “chased up” in the course of an hour, and it is not an unusual occurrence to spend the greater part of a morning in that vexatious manner, only to find that the remittance pertains to an entirely different department. Again it frequently happens that after a long search the item cannot be found and the remittance is held over until the correspondent is written to for further details—and the reply tells you that the remittance was sent you in error. Many other shortcomings could be enumerated but let these suffice to show clearly how far these plans fall short of anything which smacks at all of the ideal.

A system which is generally conceded to be nearest the perfect mark by those who have seen and used it is the one designed and installed by A. W. Ehrman, for many years assistant cashier of the Commercial National Bank, of Detroit, Mich.

Mr. Ehrman's plan is simplicity itself, and is briefly explained:

The checks are sorted alphabetically, according to towns, and are entered in letters to the respective correspondents, carbon copies of the letters being retained. For those correspondents to whom only a few

items are sent each day, 20 letters are printed on a page, but it is immaterial to the success of the system whether the letters be written in groups or singly. The letters are footed and the total of each is posted opposite its respective name in the Transit Ledger (see illustration). The total of these letters entered in the Transit Ledger must and do agree with the total figures of the transit clerk who wrote the letters.

When the letters are reported upon by the bank to whom they were sent, they are compared with the entries in the Transit Ledger, and the amount therein is checked. Later in the day, after all payments received have been duly passed through the tellers, then the date of payment is inserted in columns for that purpose. Now, in order to balance this Transit Ledger you simply add the various amounts which have not been paid, and the total represents the balance called for by the general ledger. The controlling account in the general ledger shows but two entries daily, debit for the total of the letters sent out and credit for the total amount received that day in settlement.

For this system it is claimed: Fewest possible number of entries; least time spent in locating advice—neither numbering of letters nor even date of out-going letter being needed; concentration of all items of one department to one central station; immediate and continual information relative to volume outstanding at any one point—particularly valuable where bank at destination is considered weak; ready means to ascertain amount of business sent to any point; economical; efficient.

565. Discounted Notes.

A register of these should also be provided, arranged on the same principle as the Collection Record. See Form 11.

In medium-sized, or small banks, the Collection and Discount Note Registers may be conveniently combined, using separate amount columns as a distinction, if desired, or different colored cards.

The saving of labor by placing the notes themselves in a maturity tickler is not to be recommended, the securities being as valuable as currency.

566. Credit Statements.

Every customer of a bank who desires a loan, or a credit line of a certain amount (overdraft), or a discount on notes receivable, is required to furnish a statement of resources and liabilities annually for the consideration of the credit man and cashier. See Form 12.

TO THE FIRST NATIONAL BANK.

Name (Corporate style under charter)

Business

Location Branches

For the purpose of procuring credit from time to time from you for our negotiable paper or otherwise, we furnish you with the following statement and information which fully sets forth our financial condition on the.....day of..... 19..., which you may consider as continuing to be full and accurate unless notice of change is given you. We agree to notify you promptly of any change that materially reduces our pecuniary responsibility.

In consideration of the granting of such credit, we agree that if we at any time stop payment or become insolvent, or commit an act of bankruptcy, or if any of the representations made below prove to be untrue, or if we fail to notify you of any material change as before agreed; then and in either such case all our obligations held by you shall immediately become due and payable without demand or notice, and the same may be charged against the balance of any deposit account kept by us with you, we hereby giving a continuing lien upon such balance of deposit account from time to time existing to secure all our obligations held by you.

From this statement should be eliminated all speculative items such as good will, copyrights, patents, prepaid items—everything that is non-realizable, taking only active assets into consideration. The depreciation of buildings, plant and machinery should also be taken into consideration if it is not accounted for in the statement.

567. Bank Statements.

A statement of resources and liabilities usually prepared as an advertising inducement to prospective customers or depositors, and generally arranged in a uniform style which does not accord with modern accounting knowledge and practice. We illustrate this class of statements as follows:

STATEMENT OF THE FIDELITY TRUST CO.,

NEW YORK.

Statement of Condition Close of Business, April 28, 1909.

RESOURCES.

Bonds and mortgages	\$ 394,600.00
Stock and bond investments, viz.:	
Public securities (book value \$607,404.33) market value	652,950.00
Other securities (book value \$736,615.75), market value	737,265.73
Loans	3,747,982.86
Due from trust companies, banks and bankers.....	1,292,434.42
Specie	439,585.94
Legal tender notes and notes of National banks.....	234,936.00
Cash items	1,500.00
Other assets, viz.:	
Furniture and fixtures, \$11,950; vault, \$25,000.	36,950.00

Accrued interest entered	7,534.96
Accrued interest not entered	25,605.14
Total	\$7,571,345.05

LIABILITIES.

Capital stock	\$ 750,000.00
Surplus, including all undivided profits	910,382.28
Preferred deposits	\$ 194,763.11
Deposits (not preferred)	4,902,809.20
Due trust companies, banks and bankers	453,242.06
Certificates of deposit (not preferred) ..	313,771.89
Total deposits	5,864,586.26
Other liabilities, viz.:	
Reserved for taxes	11,997.80
Accrued interest entered	19,103.71
Accrued interest not entered	15,275.00
Total	\$7,571,345.05

STATEMENT OF AMERICAN NATIONAL BANK,

OF INDIANAPOLIS,

On April 29, 1909.

RESOURCES.

Loans	\$4,348,906.11
Overdrafts	5,604.77
U. S. Bonds for circulation	1,489,440.00
Other bonds	1,881,010.27
U. S. Bond Account	470,000.00
Banking house (old postoffice)	650,000.00
Vaults and fixtures	100,000.00
U. S. and other Bonds to secure U. S.	
Deposits	\$209,355.00
U. S. Bonds on hand	66,300.00
Cash and with banks	2,640,127.49
	2,915,782.49
	\$11,860,779.64

LIABILITIES.

Capital stock	\$1,500,000.00
Surplus	500,000.00
Undivided profits	\$2,000,000.00
Unearned discount	128,519.92
Reserve for taxes	22,486.67
Circulation	17,398.13
	1,478,040.00
Deposits	6,018,974.92
U. S. and other bond account	2,195,360.00
	\$11,860,779.64

Mr. Duncan MacInnes, C. P. A., criticises the arrangement of these statements and makes the following suggestions for improvements which deserve careful attention:

"These statements are framed along uniform lines with very few exceptions, and the first liability invariably occurs as the capital stock, followed immediately by the surplus and next by the undivided profits, while the amounts due to the individual depositors are generally found way down on the list of liabilities as if such were more incidental than real and, on the other hand, the resources are stated in such a manner as would require a segregation thereof by an expert accountant, and an arraying of them in opposition to liabilities of a like kind before any intelligent conception of the status of the institution could be arrived at."

In order to help the public to obtain the desirable intelligent conception of bank statements supposedly published for its benefit Mr. MacInnes presents the following classification:

RESOURCES.

Specie
Legal tender notes
Checks and other cash items
Fractional paper currency, etc.

Exchanges for clearing house
Notes of other national banks
Due from approved reserve agents

Due from national banks (not reserve agents)
Due from state banks and bankers

Loans (collateral) (a)—demand—time
Discounts (b)

Bonds (face value)
Securities, etc. (face value)
U. S. bonds to secure circulation
U. S. bonds to secure U. S. deposits
Other bonds to secure U. S. deposits.

Redemption fund with U. S. Treasurer (5 per cent circ.)
Premiums on U. S. bonds
Banking house, furniture and fixtures

LIABILITIES.

Certified checks
Demand certificates of deposit
Individual deposits subject to check.
Cashier's checks outstanding.

Due to approved reserve agents
Due to other national banks
Due to trust companies and savings banks

National bank notes outstanding
U. S. deposits
Bonds borrowed
Capital stock paid in
Surplus fund
Undivided profits, less expenses and taxes paid.

568. General Ledger.

The accounts should be sectionalized to correspond with the improved classification as indicated under that heading. As daily balances are required the daily statement should be arranged with folding crease in front of the balance column and short interleaves, so that the printed names of accounts column on the first page will stand without duplication, one page being used as the summary for each day.

Another method is to provide daily statement sheets filed in a binder, the last date always on top.

In this case the preceding day's balances must be duplicated on the current day's sheet.

569. Comparative Bank Statement.

A form is illustrated under the heading of "Comparative Statements" intended to analyze the progress of the business and exhibit the general tendency of the management.

570. Miscellaneous Records.

These are very numerous, covering a large amount of detail, a selection of which are presented as examples found practical in use.

571. Collateral Record.

Notes secured by collateral are given numbers. The collateral may be placed in envelopes on which the same numbers are recorded and filed separately in the vault. Sufficient particulars as to contents may be written on the face of each envelope as indicated by Form 13.

572. Insurance Expirations.

Mortgages and collaterals are covered by insurance and a record of expiration is therefore important.

Cards indexed by date of expiration may be recommended as per Form 14.

573. Bills Receivable Record.

574. Note or Liability Register.

These are arranged on the usual lines, giving particulars as to makers, discounters, endorsers and interest. See Form 15.

575. Reconciliation Statement with Correspondent Banks.

These are compiled in several ways, all following the same general principles.

Oct. debits	\$205,960
Corresponding bank debit balance, Oct. 1st.....	62,500
Sept. items credited in October	11,250
	<hr/>
	279,710
Less Oct. items not credited.....	\$13,875
Our debit balance Oct. 1st.....	52,650
	<hr/>
	66,525
	<hr/>
	213,185
Less net credits	127,505
	<hr/>
Corresponding bank balance Nov. 1st.....	\$85,680
	<hr/>
Oct. credits	\$232,945
Unpaid drafts Oct. 1	19,760
	<hr/>
	252,705
Less: Unpaid drafts Nov. 1	\$55,972
Our debit balance Nov. 1.....	69,228
	<hr/>
	125,200
	<hr/>
Net credits	\$127,505

Form 16 illustrates a Trust Register.

Form 17 illustrates a Liquidation Comparative Statement.

For trust organization chart see Charts of Classification.

[illegible]

Form 1-1450.

[illegible]

Form 2-1451.

TELLERS' CASH BOOK									
Date _____ 19__									
GOLD		SILVER		Certificates \$1 50¢ 25¢ 10¢ Nickels Pennies Mutilated	MISCELLANEOUS		ITEMS IN DRAWER		
Vault	Tray	Vault	Tray		Vault	Tray	Dr.	Cr.	

Summary

Gold	\$	
Silver		
Misc.		
Net Items		_____
Total		_____

Form 3—1452.

CERTIFICATE OF DEPOSIT	
CERTIFICATE OF DEPOSIT	No. _____
	THE FIRST NATIONAL BANK
	Detroit, Mich. _____ \$ _____
	_____ has deposited in this bank
	_____ Dollars
payable to the order of _____ on return of this Certificate	
properly endorsed six months after date with interest at the rate of 4% per annum.	
NO INTEREST AFTER SIX MONTHS	
_____ Cashier	

Form 5—1454.

[illegible]

Form 4 (left hand page)—1453.

[illegible]

Form 4 (right hand page)—1453.

BANK BALANCE LEDGER

[illegible]

Form 8-1457.

CLEARING HOUSE PROOF SHEET

New York Clearing House Proof

No.	Banks	Balance Due Clearing House	Banks Dr.	Banks Cr.	Balance Due Banks	No.
1						1
2						2
3						3
4						4
5						5
6						6
7						7
8						8
etc.						etc.

Form 9-1458.

[illegible]

Form 10-1459.

TRANSIT COLLECTION RECORD															
	Life	MONDAY		TUESDAY		WEDNESDAY		Life	THURSDAY		FRIDAY		SATURDAY		Life
NAMES	No.	Debit	Paid	Debit	Paid	Debit	Paid	No.	Debit	Paid	Debit	Paid	Debit	Paid	No.
	1							1							1
	2							2							2
	3							3							3
	4							4							4
	5							5							5
	etc.							etc.							etc.

Form 10A-1460.

DISCOUNT						
Dr.		Dr.				
When Discounted		Payer	Endorser	Discounted For	Payable At	Date

Form 11 (left hand page)—1461.

REGISTER											
Dr.						Dr. Cr.			Cr.		
Time	When Due	No.	Amount	Discount	When Paid	Date	No.	Amount	Total	Interest	

Form 11 (right hand page)—1462.

CREDIT STATEMENT			
ASSETS		LIABILITIES	
Cash on Hand _____ Cash in _____ Bank _____ Bills Receivable, all good, owing by Customers _____ Less Bills Receivable, Discounted and Sold _____ Balance of Bills Receivable, all good, on hand _____ Bills and Accounts Receivable owing by Officers _____ Accounts Receivable, all good, owing by Customers _____ Merchandise, finished (How valued _____) _____ Merchandise, unfinished (How valued _____) _____ Real Estate: belonging to corporation _____ Market value \$ _____ Less Mortgages \$ _____ Net _____ Machinery and Fixtures _____ <div style="border: 1px solid black; width: 100px; height: 100px; margin-top: 10px; position: relative;"> Other Assets and of which composed </div>		Bills Payable for Merchandise _____ Bills Payable negotiated to own Bank _____ Bills Payable otherwise disposed of _____ Due to Foreign Banks and Bankers _____ Open Accounts not due _____ Deposits of Money with us _____ Of which \$ _____ is on time \$ _____ is on Demand _____ Liens or encumbrances on Merchandise or other Assets, aside from Real Estate Mortgages _____ Bonded Debt (When Due _____) _____ Interest on Bonded Debt _____ Chattel Mortgages _____ Other indebtedness and of what composed _____ <div style="text-align: right; margin-top: 10px;">Total Liabilities _____</div>	
Total _____		Capital _____ Surplus, including undivided profits _____ Total _____	

Contingent Liability _____

Upon Accommodation Endorsements \$ _____

For Guaranties \$ _____

Upon Exchanged Paper \$ _____

For Bonds \$ _____

Specify any of above assets or liabilities pledged us, or secured by collateral, and state collateral.

Form 12—1463.

COLLATERAL RECORD					
No. _____					
When Due _____ 191 _____					
TO FIRST NATIONAL BANK					
AMOUNT OF LOAN \$ _____					
RE-PAYMENTS					
ENDORSERS					
DESCRIPTION OF COLLATERAL					
REMARKS					

Form 13—1464.

INSURANCE EXPIRATION RECORD

5

4

3

2

1

February

January 31

Date Line

Policy of Insurance No. _____ For _____ in

The _____ Insurance Company

Of _____ On the Property

At _____ Deposited

Account of _____ No. _____ Expires at noon today

Written by _____ Agents

Remarks _____

Form 14-1465.

[illegible]

Form 15-1468.

TRUST REGISTER												
Date	No.	Account No.	Nature of Trust	Name	Filed			Publs	Closed		Released by	
					Inq.	Applmt			Date	Revised by		

Form 16—1467.

LIQUIDATION COMPARATIVE STATEMENT									
Gross.	ASSETS	Debtors Statement		Realized	LIABILITIES	Debtors Statement		Accepted	
	Cash at Bank				Accounts Payable				
	Cash on Hand				Notes "				
	Merchandise				Secured Accounts				
	Accounts Receivable				Less \$				
	Notes "				Net Liabilities				
	Furniture & Fixtures				Notes Discounted				
	Machinery				To Realize \$				
	Tools				Net Liabilities				
	Buildings				Other "				
	Land				Schedule of				
	Investments				preferential claims				
	Patents								
	Copyrights								
	Franchises								
	Total Assets available								
	for distribution								
	Less preferential claims								
	for rent, Taxes, wages								
	Deficit								

Form 17— 1468.

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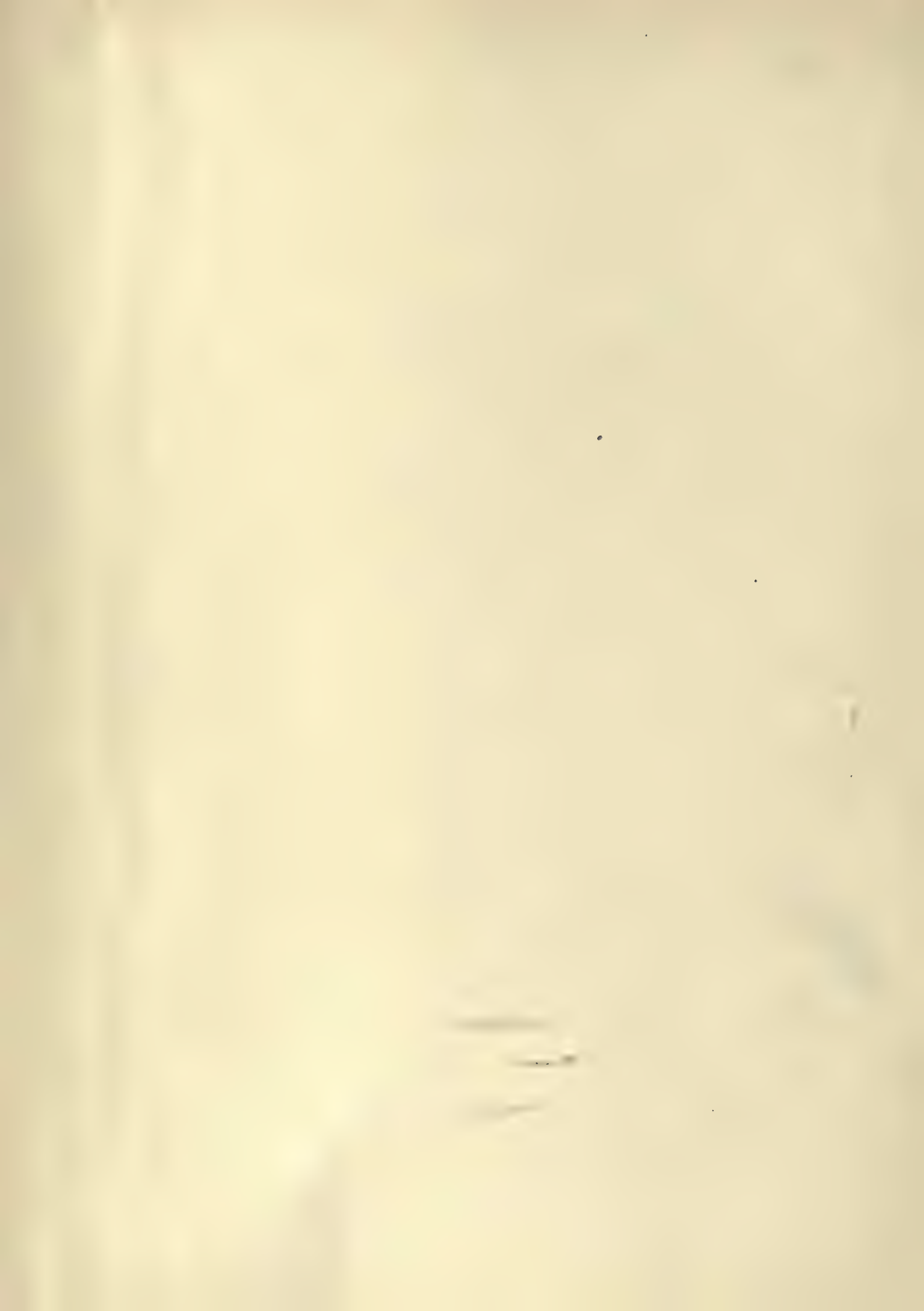
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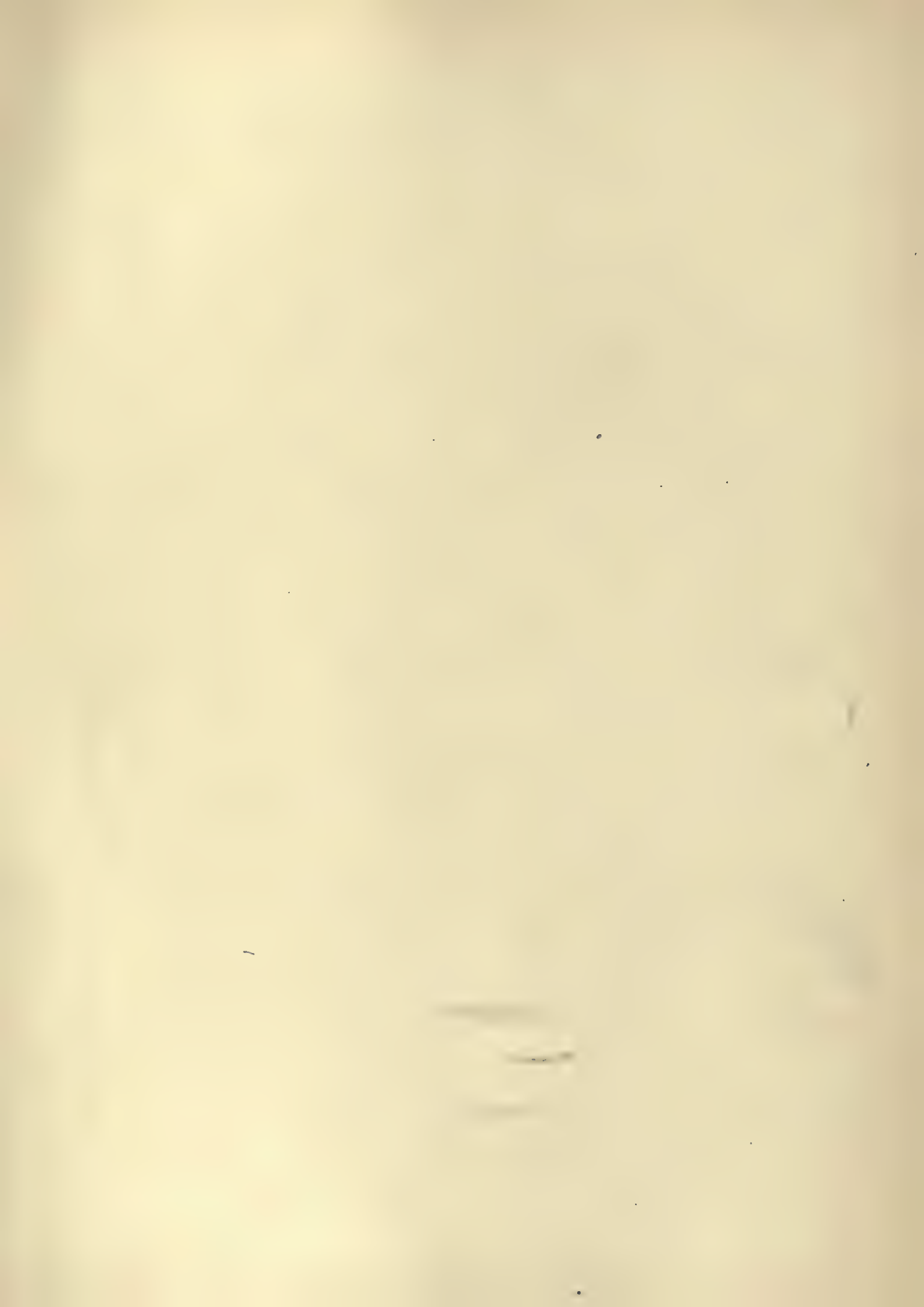
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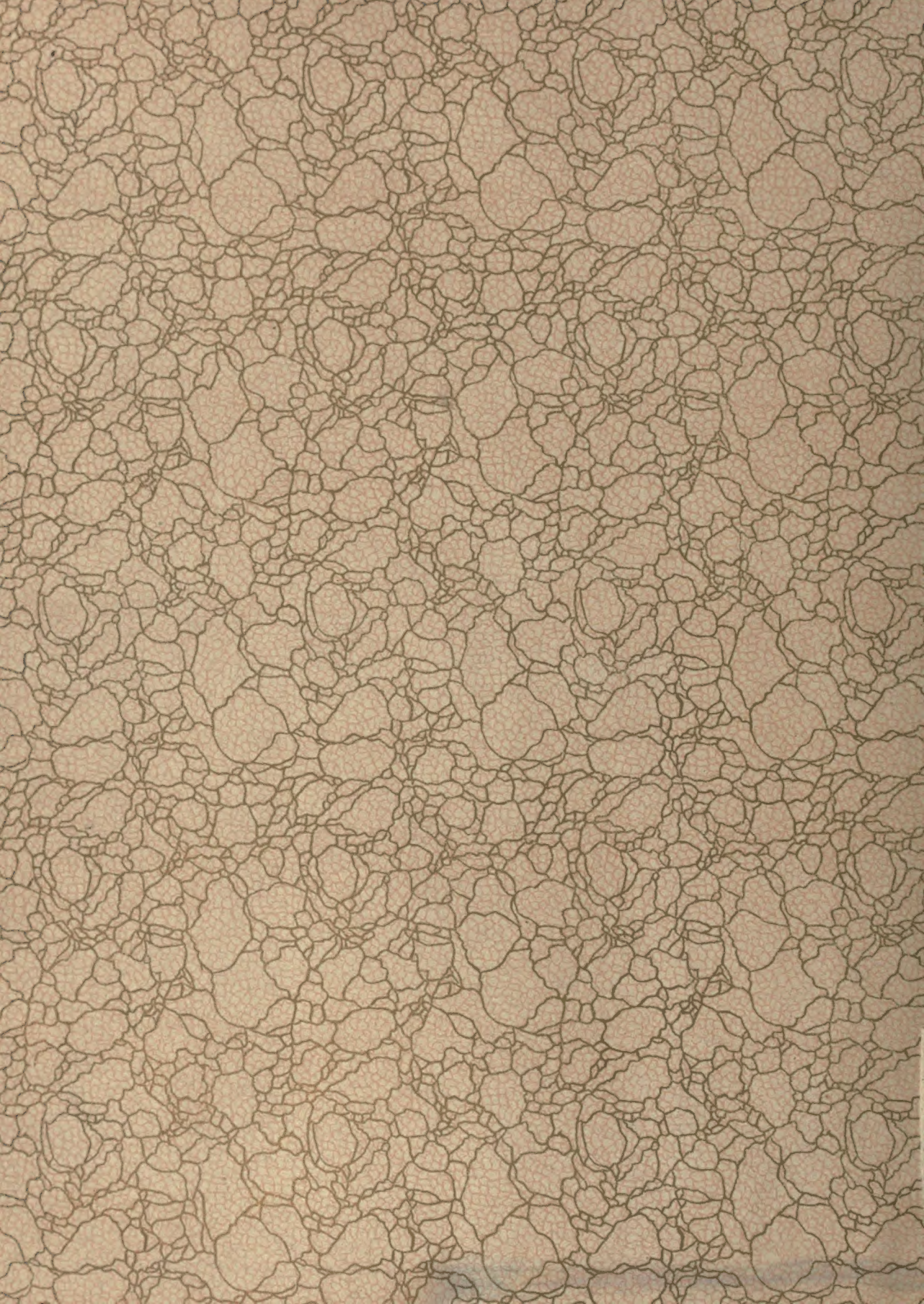
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